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No. 90-___

Supreme Court, U.S.
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1990

BAUSCH & LOMB INCORPORATED, a Corporation,
Petitioner,

v.

HEWLETT-PACKARD COMPANY, a Corporation,
Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Whether a patent applicant can be found to have had an intent to deceive the Patent and Trademark Office when the applicant had no knowledge of errors made by a third party witness in the witness' affidavits which the applicant submitted to the examiner believing them to be true.

Whether a corporation can be found to have had an intent to deceive the Patent and Trademark Office by implicit attribution of a collective intent to deceive to the individuals who acted for it although none of them individually was found to have intended to deceive.

PARTIES TO THE PROCEEDING

The parties to the proceeding are as set forth in the caption. Petitioner Bausch & Lomb is a publicly owned, New York corporation. Petitioner's only U.S. subsidiaries that it does not wholly own are as follows:

> Bausch & Lomb Hearing Systems Division, Inc., a Minnesota corporation, and its subsidiary BNC Operating Corp.

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On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

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PETITION FOR WRIT OF CERTIORARI

Bausch & Lomb (hereafter "B&L") hereby petitions that a writ of certiorari be issued to review the judgment and opinion of the United States Court of Appeals for the Federal Circuit entered in this litigation on January 31, 1991, and the underlying opinion of the United States District Court for the Northern District of California (Aguilar, J.), which it affirmed *per curiam*.

Citations Of The Opinions And Judgments Below

There are the following reported opinions under the caption *Hewlett-Packard Company v. Bausch & Lomb Incorporated*, 692 F. Supp. 1118 (N.D. Cal. 1988); and 882 F.2d. 1556 (Fed. Cir. 1989).

Statement Of Jurisdiction

The judgment of the United States Court of Appeals for the Federal Circuit, which is sought to be reviewed, is dated January 31, 1991. Jurisdiction of this Court arises under 28 U.S.C. §§ 1254(1) and 2101(c).

Constitutional And Statutory Provisions Involved

This action arises under the patent laws of the United States, Title 35, United States Code.

This case involves the non-statutory defense of inequitable conduct before the Patent and Trademark Office.

STATEMENT OF THE CASE

1. Introduction

The issues in this patent case do not turn upon technology but on the question of the intent-to-deceive required for the defense of inequitable conduct by an applicant before the Patent and Trademark Office ("PTO").

Bausch & Lomb Incorporated ("B&L") has had its reissue patent to Yeiser, No. Re. 31,684, held unenforceable because affidavits of a third party witness, obtained by B&L's patent attorneys and submitted to the PTO during the reissue prosecution, contained errors by the witness of which B&L and its attorneys were wholly unaware. B&L has been deprived not merely of the three patent claims added by the reissue but of the nine claims of its original patent carried over into the reissue patent. As the reason for this result, the trial court held that B&L had been grossly negligent and thus possessed the threshold level of

intent necessary for inequitable conduct. However, the trial court held that B&L had not deliberately concealed or misrepresented the truth to the PTO, in denying a post trial motion for attorney fees. On appeal, the Federal Circuit noted that under *en banc* precedent of that court, decided after the trial court decision in this case, a finding of intent to deceive was now required for an inequitable conduct defense. Because no such finding had been made, the Federal Circuit vacated and remanded for a finding whether there had been an intent to deceive. On remand, on an unchanged record, the trial court added a single conclusory finding that B&L had an intent to deceive. This finding was based on only the same supporting findings that it had previously relied on for gross negligence. In attributing intent-to-deceive to the corporation, the trial court did not find, and has never found, an intent to deceive in any of the humans who acted for B&L. On appeal, the Federal Circuit affirmed *per curiam*, without opinion.

2. Statement Of The Facts

This statement of the facts is based on the decisions of the trial court and the Federal Circuit. It is supplemented, in footnotes, by references to portions of the trial testimony which were not controverted but were not referred to by the trial court in its opinion.

a. Prelude To Reissue

In 1973, United States Patent No. 3,761,950 ("'950") issued to the late John Yeiser on an "X-Y plotter." 882 F.2d at 1558, A 9. B&L purchased the '950 patent in 1982 from the successor of Yeiser's employer. 882 F.2d at 1559, A 10. The patented plotter uses driving rollers which drive a sheet of chart

paper back and forth in a Y-direction without slippage. The paper moves beneath a pen which traverses a stationary beam in an X-direction, at right angles to the movement of the paper, to produce X-Y plots.

b. Filing Of The Reissue Application By Bogdon And Hyer

Independent claim 1 of the original Yeiser '950 patent broadly covers a moving paper X-Y plotter in which bidirectional displacement of the cut chart without slippage was solely effected by the driving rollers. 882 F.2d 1558, fn. 1, A 9. All the other eight claims include additional restrictions to a movable stop mechanism for the paper. The claims were studied by B&L's chief in-house patent counsel, Bernard Bogdon, assisted by an outside patent lawyer in Houston, Mr. William Hyer, in connection with B&L's acquisition of the patent. They became concerned about the absence of narrower claims to the anti-slip drive, unencumbered by the details of the paper stop mechanism. They concluded that the failure to include narrower claims in the '950 patent was reissuable error, a conclusion which even HP's own patent law expert witness, Mr. Gambrell, found to be reasonable. 692 F. Supp. at 1145, A 91. Accordingly, Bogdon and Hyer decided to apply for reissue of the '950 patent to include narrower claims to the anti-slip drive. 882 F.2d at 1559, A 10.

Reissue of patent applications to correct an error arising without deceptive intent is provided for by 35 U.S.C. § 285. The statute authorizes the assignee of an application to execute a statutory declaration that accompanies a reissue. 35 U.S.C. § 251, third para. Under the PTO rules, this declaration requires an averment how the original error arose. 37 C.F.R.

1.175. From review of the Yeiser '950 patent and its file history, Bogdon and Hyer believed that the absence of narrower claims in the original prosecution must have been because they were inadvertently omitted. 692 F. Supp. 1139, A 78. Jonathan Jobe, a young associate attorney in Hyer's office, to whom Hyer delegated the drafting of B&L's reissue declaration, could not imagine any deceptive reason for not including those claims. *Id.* at 1139, A 79. They embodied their belief in a reissue declaration of B&L, executed on its behalf by a B&L Vice President, George More, averring B&L's belief that the omission of the narrower claims from the original application had been caused " . . . because of oversight and without deceptive intent on the part of said John O. Yeiser or his attorney." 882 F.2d at 1560, A 13.

The trial court criticized B&L for reaching its conclusion that "oversight" was the reason for omission of narrower claims only from study of the patent and its file wrapper without contacting the late Mr. Yeiser's original patent agent. 692 F. Supp. 1139, A 78-79. Judge Aguilar found the submission of B&L's affidavit exhibited "reckless indifference to the statutory requirements" and that "[a]t a minimum, this was gross negligence." 692 F. Supp. at 1148, and 1147, A 97 and 95. Significantly, however, neither Judge Aguilar nor the Federal Circuit ever found that Mr. Hyer's or Mr. Bogdon's belief that oversight was the cause of the original error was motivated by an intent-to-deceive the examiner or was not honestly arrived at by the reasoning he had described.

c. The Fleming Affidavits, Submitted By Jobe And Robbins

After the filing of the reissue declaration, Bogdon and Hyer passed out of the picture.[1] The prosecution continued initially in the hands of Mr. Jobe. It was his first reissue application. 882 F.2d at 1560, A 12.

When the patent examiner acted on the reissue application, he rejected B&L's reissue declaration as insufficient, stating that "[t]he statement that the alleged errors occurred or arose because of oversight on the part of the inventor or his attorney does not specify in detail how and why such an oversight occurred. A declaration from the original attorney may be in order." 882 F.2d at 1560, A 13. Adopting the Examiner's suggestion, Mr. Jobe, located Yeiser's former patent agent, Lawrence Fleming, who was retired and living in Pasadena, California, and contacted him by telephone on June 17, 1983. 692 F. Supp. 1139, A 79. Jobe told him that he represented B&L and that "[w]e were attempting to reissue the Yeiser patent, I told him what the defects were and asked him if he could shed any light on how those defects occurred." *Id.* at 1140, A 80. Jobe spoke with him and was told that Fleming had not received much help from Yeiser. *Id.* at 1139, A 79. While they were speaking, Fleming pulled out his original patent prosecution file for the Yeiser patent and took from it a July 7, 1970 memorandum from Yeiser to himself. *Id.*

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[1] Mr. Hyer died in late 1983, *Id.* at 1137 A 72. Mr. Bogdon's further role was only of a general supervisorial nature without hands-on involvement concerning the work of Jobe and Robbins, A 116.

at 1141, A 82.[2] Mr. Fleming followed up their conversation with a letter to Mr. Jobe, dated June 21, 1983, sending him the Yeiser July 7, 1970 memorandum and detailing the reasons why he had not drafted intermediate claims in the original patent prosecution. *Id.* at 1141, A 83.

Based on the information which Mr. Fleming had provided in the telephone conversation, and on the letter from Mr. Fleming and on the Yeiser memorandum, Mr. Jobe prepared an affidavit for Mr. Fleming's review and signature which he sent to him on September 13, 1983 and followed up with a telephone call to confirm that Fleming had received and signed the affidavit. *Id.* at 1141, A 83-84. On September 14, 1983, Fleming sent back the signed affidavit and it was subsequently filed in the Patent and Trademark Office. *Id.* at 1142, A 84.

Following the filing of the first Fleming affidavit with the PTO, the patent examiner maintained his rejection of the reissue application. 882 F.2d at 1561, A 14. Addressing the Fleming affidavit, the examiner commented "[t]he Fleming affidavit states that the contacts and ability to communicate with the client were significantly limited. It is acceptable on this point. It is not acceptable, however, as to how and by whom the scope of the subject matter claimed was determined and why." *Id.* at 1561, A 14. About this time, Mr. Hyer died and B&L took back the prosecution of the reissue application from his firm. An

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[2] HP's patent law expert, Mr. Gambrell, who examined Fleming's prosecution file at trial, confirmed that the extracted document was the only one from Yeiser to Fleming containing advice on the patent, A 123.

in-house B&L patent attorney, Howard Robbins, was responsible for pursuing the reissue application after Hyer's death and Jobe's exodus. *Id.* at 1142, A 84.

Mr. Robbins made the next contact with Fleming on February 10, 1984 and his telephone notes indicate that he basically covered the same ground canvassed by Jobe. *Id.* at 1142, A 84. Mr. Robbins prepared a second affidavit of Mr. Fleming, based on the information which he had obtained from him, which was sent to Fleming on February 20, 1984 and returned the next day. *Id.* at 1142, A 85-86. Mr. Robbins spoke with Fleming a second and final time on February 20, 1984. After that, the Yeiser second affidavit was filed with the PTO.

The second Fleming affidavit reflects new information and emphasis gleaned by Robbins from this conversation, specifically that Yeiser had provided a single crude model available to Fleming for two hours to effect disclosure of his invention and that Fleming had had to write the claims himself relying on his own experience and knowledge. *Id.* at 1142, A 84. Also, Fleming felt that Yeiser had not appreciated the significance of his invention. *Id.* at 1142, A 84. After the second Fleming affidavit was filed with the PTO, the Examiner passed the reissue application to allowance.

After issuance of the Yeiser reissue patent and HP's bringing of this lawsuit, discovery was taken of Mr. Fleming. In discovery, Mr. Fleming produced some time notebooks which he had kept from 1979 to 1973 but had forgotten during the provision of his affidavits to Mr. Jobe and Mr. Robbins a decade later. 692 F. Supp. 1128 at fn. 9, A 55. These notebooks established that there were numerous misstatements

in Mr. Fleming's affidavits concerning the extent of the contacts which he had had with Mr. Yeiser during the period of the original prosecution of the Yeiser '950 patent, as detailed in the Federal Circuit opinion, 882 F.2d at 1561-62, A 15-16. Significantly, however, Judge Aguilar found that B&L was not aware of the Fleming notebooks.[3] 692 F. Supp. at 1150, A 100.

Judge Aguilar criticized Jobe and Robbins for not more fully investigating Mr. Fleming and the nature of their questioning of him. 692 F. Supp. 1139-1144, A 79 to 89. He concluded that B&L had "refrained from exerting any but the least effort in determining the truth" and characterized B&L's position as "studied ignorance." 692 F. Supp. at 1150, A 101. However, he did not find that Jobe and Robbins, or anyone acting for B&L, knew of the errors in Fleming's affidavits. Furthermore, he did not find that Mr. Jobe or Mr. Robbins harbored an intent-to-deceive the patent examiner.[4]

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[3] There is an error in the original Federal Circuit opinion where it states that "[t]he letter from Jobe to Fleming in which Fleming referenced his notebooks negates B&L's position that neither B&L nor Fleming knew the notebooks existed until after this litigation began." 882 F.2d 1562, A 16. This implies such knowledge to B&L, which was an error based on the Federal Circuit's confusion of Fleming's patent prosecution file, the "old file" referred to in the Fleming letter, with his "notebooks." This error was brought to the attention of the Federal Circuit on the second appeal in B&L's appeal brief and HP did not contest it, A 109-110. Following the second Federal Circuit opinion, the Court issued an Errata to its first opinion, making it clear that the sentence in its opinion applied only to knowledge *by Fleming* before the litigation began that he acquired of his notebooks, A 35.

[4] Mr. Jobe and Mr. Robbins both found Mr. Fleming, in their

3. Proceedings Below

Shortly before trial, HP moved for summary judgment on the basis that the affidavits submitted by B&L were false and were essential to the patent examiner's ruling, and the motion was granted from the bench on March 18, 1988. 692 F. Supp. 1120, A 37. The court ruled that the reissue patent claims 10-12 were invalid since reissue would not have been granted but for the falsity of the affidavits. *Id.* at 1120, A 37.

At that point, the trial court refused to nullify the original claims 1-9, which had been carried over from the original '950 patent. However, it set a trial to determine the issue whether the original claims were rendered unenforceable for inequitable conduct in the reissue. *Id.* at 1120, A 37-38. Following the trial, the trial court found for HP on the basis of B&L's gross negligence, relying on its supporting findings of "reckless indifference" and "studied ignorance," as already described. In denying an HP motion for attorney fees after the trial, Judge Aguilar held that "[a]lthough B&L was grossly negligent, the court did not conclude that B&L deliberately concealed or misrepresented the truth to the Patent and Trademark Office ('PTO')," A 105.

Shortly after Judge Aguilar's decision of the case, the Federal Circuit changed the inequitable conduct

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separate telephone conversations with him, to be lucid and well focussed and believed him (Jobe A 119, Robbins A 127-128). Both believed that the affidavits they prepared accurately stated the facts he had related to them (Jobe A 119-122, Robbins A 124-129). Mr. Fleming himself believed that his recollection of the facts was correct at the time he provided them to Jobe and Robbins (Fleming A 130-132).

case law that had permitted gross negligence to satisfy the intent element. Now, the Federal Court ruled, "[w]e adopt the view that a finding that particular conduct amounts to 'gross negligence' does not of itself justify an inference of intent to deceive; the involved conduct, viewed in light of all the evidence, including evidence indicative of good faith, must indicate sufficient culpability to require a finding of intent to deceive."[5] On appeal of this case by B&L, the Federal Circuit noted the recent change in the law and that Judge Aguilar had apparently understood it was unnecessary to go beyond the finding of gross negligence, holding his understanding to be legal error since a finding of intent to mislead is necessary. 882 F.2d 1562, A 18. Accordingly, the Federal Circuit vacated the court's judgment on inequitable conduct and remanded for the district court to provide the "missing finding" of intent or no intent. *Id.* at 1563, A 18.

On remand, the trial record remained unchanged in any significant respect.[6] Finding again for HP, Judge Aguilar made a single additional finding, namely " . . . that Bausch & Lomb, through its officers, employees and/or agents, manifested and maintained an intent to deceive the Patent and Trademark Office during the Yeiser reissue application process." A 5.

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[5] *Kingsdown Medical Consultant's Ltd. v. Hollister, Inc.*, 863 F.2d 867, 876 (Fed. Cir. 1988), *cert. denied*, 490 U.S. 1067, 109 S.Ct. 2068 (1989).

[6] The trial record was opened only to the extent of adding the testimony of an investigator, Bill Ellis, who had been referred to in the original trial. However, his testimony added nothing of significance and was not referred to by Judge Aguilar in his opinion on remand.

The trial court provided no explanation how it could reconcile this new finding with its own earlier finding, when it had denied HP's attorney fee motion, that it did not conclude B&L deliberately concealed or misrepresented the truth to the PTO. The court made no new underlying findings in support of this intent to deceive finding, relying only on the findings that he had previously relied on for his conclusion of gross negligence. A 4-5. It made no findings that any of the individuals who had acted for B&L had possessed an intent to deceive.

On a second appeal, the Federal Circuit affirmed *per curiam* without a written opinion, A 1.

ARGUMENT

I. THE IMPORTANT QUESTIONS RAISED BY THE CASE BELOW REQUIRE THIS COURT'S GRANT OF CERTIORARI

1. This Case Raises Important Questions Of Federal Law Which Have Not Been But Should Be Settled By This Court, Supreme Court Rule 10.1(c)

This Court's review of the important questions raised by this case concerning the defense of inequitable conduct before the PTO is urgently required. This is not a technology centered issue—it is a basic equitable issue which lies at the heart of most patent lawsuits today. For eight years, the Federal Circuit has zigged and zagged through a series of unsuccessful and conflicting approaches to the law of inequitable conduct before the PTO which has left the subject more confused than any other area of patent law, as detailed in Section III of this petition. The central position and unsettled state of this defense

have led the Federal Circuit itself to the following expression of deep concern:

> "We add one final word: the habit of charging inequitable conduct in almost every major patent case has become an absolute plague."[7]

This case further unsettles the inequitable conduct law with two new concepts of profoundly disturbing effect. Where the Federal Circuit had declared that an applicant must be chargeable with knowledge of a misrepresentation,[8] this case affirms a holding of intent-to-deceive in an applicant which had no knowledge of the misrepresentation. Where the Federal Circuit has mandated intent to deceive as the standard for an inequitable conduct defense,[9] a state capable of existence only in a human mind, this case affirms a holding of intent to deceive in a corporation, a mindless artificial person, by implicit attribution of a collective intent to deceive to the humans who represented it, even though none of them was individually found to have this intent.

Review by the Supreme Court remains essential to the health of the patent system where a chronic unsettled state of the law on an important defense has eluded the prolonged efforts of the Federal Circuit to solve it. This case fully justifies review by this Court so that the important questions unsettling this

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[7] *Burlington Industries, Inc. v. Dayco Corp.*, 849 F.2d 1418, 1422 (Fed. Cir. 1988).

[8] *FMC Corp. v. Manitowoc Co., Inc.*, 835 F.2d 1411, 1415 (Fed. Cir. 1987).

[9] *Kingsdown Medical Consultants v. Hollister, Inc.*, 863 F.2d 867, 876 (Fed. Cir. 1988).

area of federal law be settled. Supreme Court Rule 10.1(c).

2. This Court Should Invoke Its Supervisory Authority In View Of Judge Aguilar's Undisclosed Employment Of His Son By HP And His Criminal Conviction For Obstruction Of Justice, Supreme Court Rule 10.1(a)

There is, moreover, a special reason which requires the exercise of this Court's power of supervision, Supreme Court Rule 10.1(a). It was derelict of the Federal Circuit to fail to provide an opinion in the publicly questionable circumstances of this case in which the trial judge, who concealed from the parties throughout the entire litigation that his son was employed by HP for whom he found,[10] has since been convicted of obstruction of justice for doing favors for a more distant relative.[11] In the light of this troubling history, B&L has no confidence at all that Judge Aguilar gave impartial consideration to its side of the case because the crucial, case-deciding questions raised before him and on this petition *were totally ignored in his opinion.* Under the circumstances, it was extremely important for public confidence in the administration of justice that the Federal Circuit provide an opinion which, whether adverse or favorable to B&L, should state the basis on which B&L's principal defenses to the attack on its patent were decided. It was abandonment of its duty for the Federal Circuit to fail to provide an opinion by providing a *per cur-*

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[10] As set forth in the first appellate opinion, 882 F.2d at pp. 1567-70, A 28-33. This Court declined certiorari on this issue which was, however, before Judge Aguilar's criminal conviction.

[11] As reported in the press. See, for example, the San Francisco "Recorder," Wednesday, October 31, 1990.

iam decision which leaves the rationale for deciding these questions a mystery at both the lower court and appellate levels. Confidence in the administration of justice requires that this Court invoke its supervisory power to ensure that the crucial questions raised by the lower court rulings be judicially addressed in an opinion that explains the basis of decision of these questions. Supreme Court Rule 10.1(a).

II. IT WAS ERROR TO FIND THAT A PATENT APPLICANT HAD AN INTENT TO DECEIVE THE PTO WHEN IT HAD NO KNOWLEDGE OF ERRORS MADE BY A THIRD PARTY WITNESS IN HIS AFFIDAVITS WHICH IT SUBMITTED TO THE EXAMINER

It belabors the obvious to point out before someone can form an intent to deceive by submitting erroneous information, he first has to know that it is in error. The Federal Circuit itself has left no doubt on that point, holding in *FMC Corp. v. Manitowoc Co.*, 835 F.2d 1411, 1415 (Fed. Cir. 1987),

> "Applicant must be chargeable with knowledge of the existence of the prior art or information, for it is impossible to disclose the unknown."

Since Judge Aguilar did not find that anyone acting for B&L knew of the errors in Mr. Fleming's affidavits, the holding of intent to deceive by B&L is directly in conflict with this fundamental principle. As rationale for finding intent to deceive in the face of lack of actual knowledge of Fleming's errors, Judge Aguilar boot-strapped intent to deceive from the same findings of "studied ignorance" of the facts and a "reckless indifference" to the truth he had relied on for gross negligence. This was error. As the Federal

Circuit held in *Halliburton Co. v. Schlumberger Technology Corp.*, 925 F.2d 1435, 1443 (Fed. Cir. 1991),

> "Gross negligence cannot elevate itself by its figurative boot-straps to an intent to mislead based on the identical factors used to establish gross negligence in the first instance unless all the facts and circumstances indicate sufficient culpability. An applicant's conduct in its entirety must 'manifest [ ] a sufficiently culpable state of mind to warrant a determination that it was inequitable.' "

As authority for finding the culpable state of mind needed to justify his transmutation of gross negligence into intent-to-deceive, despite the unchanged record and unchanged underlying findings, Judge Aguilar cited *FMC Corp. v. Hennessy Industries, Inc.*, 836 F.2d 521, 526 n. 6 (Fed. Cir. 1987). That footnote explained,

> "As a general rule, there is no duty to conduct a prior art search, and thus there is no duty to disclose art of which an applicant could have been aware. *American Hoist & Derrick Co. v. Sowa & Sons, 725 F.2d 1350, 1362, 220 U.S.P.Q. 763, 772 (Fed. Cir.), cert. denied, 469 U.S. 821, 105 S.Ct. 95, 83 L.Ed.2d 41 (1984).* However, one should not be able to cultivate ignorance, or disregard numerous warnings that material information or prior art may exist, merely to avoid actual knowledge of that information or prior art. When one does that, the 'should have known' factor becomes operative. *See FMC Corp. v. Manitowoc Co., at 1415-16; compare Chromalloy*

American Corp. v. Alloy Surfaces Co., 339 F.Supp. 859, 873-74, 173 U.S.P.Q. 295 (D.Del. 1972) with Reactive Metals & Alloys Corp. v. ESM Inc., 769 F.2d 1578, 1584, 226 U.S.P.Q. 821, 825 (Fed. Cir. 1985) and American Hoist, 725 F.2d at 1362, 220 U.S.P.Q. at 772."

That footnote described the "should have known" factor in the context of the gross negligence standard for inequitable conduct prevailing at the time of *FMC Corp. v. Hennessey Industries, supra. FMC v. Hennessey* did *not* hold that a "should have known" factor could establish by clear and convincing evidence the mental state of intent to deceive. Not even one of the supporting citations relied upon in footnote 6 of *FMC* involved a finding of intent to deceive based upon a "should have known" factor. Judge Aguilar's conclusion of intent to deceive, based on equating his conclusion of "studied ignorance" to the reference in *FMC v. Hennessey* that "one should not be able to cultivate ignorance," makes a giant leap from should-have-known to intent-to-deceive that extends the inequitable conduct law far beyond Federal Circuit precedent. The ramifications of a doctrine that ignorance of an undiscovered fact can now be alleged as a basis for intent to deceive violently roils the already unsettled inequitable conduct law. For the Federal Circuit to bless such a quantum leap beyond its footnote in *Hennessey*, by a *per curiam* affirmance was an abdication of its responsibility and urgently requires correction by this Court.

This case takes Jobe's and Robbins' ignorance of Fleming's errors and extends it in a rush of steps through the mental spectrum, from failure-to-find-out to studied-ignorance, to should-have-known, finishing

up at intent-to-deceive. This sequence escalates the consequences of overlooking an unknown fact far beyond any previous inequitable conduct precedent. It is totally in error. To fast-forward a patent applicant's failure to find out an unknown fact into an intent-to-deceive poses a situation in which no patent is safe from an inequitable conduct attack. It is entirely in conflict with the sober recognition of the Federal Circuit in *Northern Telecom, Inc. v. Datapoint Corp.*, 908 F.2d 931, 939 (Fed. Cir. 1990), *cert. denied*, 111 S.Ct. 296 (1990) that,

> "Intent to deceive should be determined in light of the realities of patent practice, and not as a matter of strict liability whatever the nature of the action before the PTO."

Granting certiorari in this case will permit this Court to check an unprecedented expansion of the defense of inequitable conduct before the PTO, on which this Court's review is desperately needed.

III. IT WAS ERROR TO FIND INTENT TO DECEIVE THE PTO IN A CORPORATION BY AN IMPLICIT ATTRIBUTION OF COLLECTIVE INTENT TO DECEIVE TO THE INDIVIDUALS WHO ACTED FOR IT

1. Imputation Of A Collective Intent To Deceive To The Individuals Who Acted For B&L Is An Improper Basis For Imputing Intent To The Corporation

The Federal Circuit's shift to intent to deceive as the threshold level of intent for the defense of inequitable conduct before the PTO was the culmination of several years of unsuccessful attempts with less objective standards. In its first year after its creation in 1982, the Federal Circuit set the threshold level of intent as gross negligence, pointing out that simple

negligence would not suffice. *Orthopedic Equipment Co. v. All Orthopedic Appliances, Inc.*, 707 F.2d 1376, 1383-84 (Fed. Cir. 1983). After this test had led to inconsistent results on very similar facts because of the absence of any explanation for distinguishing gross from simple negligence,[12] the Federal Circuit made its first attempt to tighten the intent element for inequitable conduct in *J. P. Stevens & Co., Inc. v. Lex Tex Ltd.*, 747 F.2d 1553, 1564 (Fed. Cir. 1984), *cert. denied*, 474 U.S. 822, 106 S.Ct. 73 (1985). There, the court held that " . . . threshold intent is established where an actor in an applicant's position would have reasonably known that the reference was material. . . . " Applying this test, a corporation could be found to have threshold intent at the gross negligence level without attribution to any specific individual acting for it, as occurred in *J. P. Stevens*. Defining "gross negligence" by comparison to the way a reasonable applicant would have acted, the test for simple negligence in other areas of the law, lent little clarification in practice and contributed to further conflicting Federal Circuit precedents concerning the intent element of inequitable conduct.[13] It was in the climate of this gross negligence test that litigation of the inequitable conduct defense effloresced to the

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[12] Contrast *Driscoll v. Cebalo*, 731 F.2d 878, 885 (Fed. Cir. 1984) [applicant's failure to disclose known invalidating reference was gross negligence]; *Hycor Corp. v. Schleuter Co.*, 740 F.2d 1529, 1540 (Fed. Cir. 1984) [applicant's failure to disclose known invalidating prior art was simple negligence].

[13] The conflicting precedents, acknowledged by the Federal Circuit in *Kingsdown, infra*, at 876, included *In re Jerabek*, 789 F.2d 886, 891 (Fed. Cir. 1986) and *FMC Corp. v. Manitowoc, supra*, at 1415 n. 9.

"plague" condition complained of by the Federal Circuit in *Burlington Industries, supra.* 849 F.2d at 1422.

In 1988, the Federal Circuit set out to resolve its own conflicting precedents in *Kingsdown Medical Consultants v. Hollister, Inc.*, 863 F.2d 867, 876 (Fed. Cir. 1988), *cert. denied*, 490 U.S. 1067, 109 S.Ct. 2068 (1989) by specifically mandating a finding of intent to deceive, as follows:

> "We adopt the view that a finding that particular conduct amounts to 'gross negligence' does not of itself justify an inference of intent to deceive; the involved conduct, viewed in light of all the evidence, including evidence indicative of good faith, must indicate sufficient culpability to require a finding of intent to deceive."

Since intent to deceive is a mental state, it requires a human mind to possess it. However, a corporation, being a de jure person, cannot by itself have a mental state of any kind, including the intent to defraud. *Louisiana Power and Light Co. v. United Gas Pipe Line Co.*, 642 F. Supp. 781 (E.D. La. 1986). Since B&L itself lacked the mind to form that intent and none of the humans who acted for B&L was individually found to have intended to deceive the examiner, it is implicit in the trial court's finding that the corporation intended to deceive the Examiner that these individuals possessed a collective intent to deceive as a group. To tar a group of individuals with a collective intent to deceive conflicts with the precedents of the Federal Circuit and is grossly prejudicial to individually innocent attorneys.

Collective imputation of intent to deceive to individuals has been rejected by the Federal Circuit. *FMC Corp. v. Hennessey Industries, Inc.*, 836 F.2d 521 (Fed. Cir. 1987). In that case, the trial court had rejected the contention that the intent standard had been met "by the conduct of a number of individuals, individually *and by collective imputation*" with the observation that "[t]he notion of culpability is, however, antithetic to the concept of imputed knowledge." (650 F. Supp. 688, 695 (N.D. Ill. 1986), emphasis added). Affirming, the Federal Circuit observed that " . . . the district court's statement is absolutely accurate when read in context." 836 F.2d at 525, n. 5. The Federal Circuit's distaste for collective imputation of intent to deceive is underscored in *RCA Corp. v. Data General Corp.*, 887 F.2d 1056 (Fed. Cir. 1989). At the trial, materiality of an undisclosed on-sale bar (the "FAA proposal") had been established because it invalidated the patent. 701 F. Supp. 456, 467 (D. Del. 1988), *aff'd*, 887 F.2d 1056 (Fed. Cir. 1988). However, the trial court had declined to find intent on the part of the corporation with respect to the nondisclosure of the proposal because of the lack of evidence " . . . that anyone from RCA intentionally suppressed or concealed the proposal from the PTO." *Id.* at 474. On appeal, the Federal Circuit noted that the trial court appeared to have anticipated the holding in *Kingsdown* and affirmed the finding that the corporation had not intended to deceive. In the light of these precedents, there can be no doubt that the imputation of a collective intent to deceive to the individuals who acted for the corporation was flatly in error.

Furthermore, individually innocent attorneys should not be smeared with the stigma of having intended to deceive the PTO by collective imputation. There is public disgrace to such a finding which lays waste to the careers and reputations of individually innocent attorneys thus stigmatized. The severe consequences extend to possible loss of livelihood. As the Federal Circuit pointed out in *Jaskiewicz v. Mossinghoff*, 822 F.2d 1053 (Fed. Cir. 1987), affirming suspension of a registered patent attorney from practice before the PTO for two years for violation of Rule 56,

> "However, Rule 56 expressly charges the attorney with a duty of candor and good faith before the Patent Office. In instances where a person entitled to practice before the PTO has breached that duty of candor and good faith in prosecuting a patent application, it may well be appropriate or necessary to issue sanctions directly against that attorney or agent—at least in circumstances where there has been an *intent to deceive*, defraud or make misrepresentations to the PTO."

Id. at 1057, emphasis added.

The principle that a corporation can be found to have had an intent to deceive the PTO based on an implicit imputation of a collective intent-to-deceive to the individuals who acted for it, is a new and profoundly disturbing contribution to the law of inequitable conduct.

2. Imputation Of Intent To Deceive To The Corporation Is Unjustified Where No Finding Of Intent By An Individual Acting For It Was Made Or Justified

Since collective imputation of intent to deceive cannot be justified, the trial court's finding would be supportable only if intent to deceive could be imputed to B&L on the basis of intent to deceive found individually in at least one of the humans who represented it. However, the trial court's findings of "reckless indifference to the truth" and "studied ignorance" relied on for gross negligence, harshly worded though they are, do not constitute a finding of intent to deceive by any of the humans who acted for B&L. Nor do they provide basis for any such finding when these acts are examined individually.

We will start with Bogdon and Hyer. The trial court's conclusion of "reckless indifference to the truth" was applied only to the submission of the B&L reissue application, for which they were responsible. 692 F. Supp. 1148, A 97. It was Bogdon and Hyer who formed B&L's belief, averred in the More declaration, that "oversight" had been the reason for the omission of narrower claims in the prosecution of the original Yeiser patent. The examiner refused to accept this averment, and, accordingly, it never rose to the level of being "material" under definition of materiality provided by PTO Rule 56[14] as being impor-

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[14] PTO Rule 56, 37 C.F.R. 1.56, provides, in pertinent part that " . . . information is material where there is a substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent." This PTO standard of materiality was adopted by the Federal Circuit in *American Hoist and Derrick Co. v. Sowa &*

tant to the examiner's decision whether to allow the patent. Since Bogdon's and Hyer's involvement was only in the submission of the More declaration which lacked materiality, their intent is not even reached as an issue. *Dana Corp. v. Nok, Inc.*, 882 F.2d 505, 508 (Fed. Cir. 1989); *Northern Telecom, Inc. v. Datapoint Corp.*, 908 F.2d 931, 940 (Fed. Cir. 1990), *cert. denied*, 111 S.Ct. 296 (1990). Moreover, even if their intents were relevant, the lower courts never found or suggested that the averment of "oversight" was included in the More declaration because Bogdon or Hyer intended to deceive the examiner. Mr. Bogdon's testimony refutes any such notion, A 111-116. While the finding of "reckless indifference to the statutory requirements" is a severe criticism of Bogdon and Hyer for the adequacy of the investigation they performed before filing B&L's reissue declaration and provides support for the finding of gross negligence, it does not constitute a finding that either of them intended to deceive the Examiner or provide a basis for such a finding.

Turning to Jobe and Robbins, their role was the submission of the Fleming affidavits, for which they were criticized for "studied ignorance." Certainly they were in ignorance of his errors. As support for the "studied" character of their ignorance, the trial court chastised Jobe and Robbins for ignoring a reference in the prosecution file of the original Yeiser patent to commercial embodiments of a mechanism when Fleming had told them he only had a crude model, for telling the examiner he had made an error and asking for some rationalizations, and for failing to

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Sons, 725 F.2d 1350, 1363 (Fed. Cir. 1984), *cert. denied*, 469 U.S. 821, 105 S.Ct. 95 (1984).

obtain independent confirmation of Mr. Fleming's statements although he was an elderly man being asked to recollect events more than a decade earlier. 692 F. Supp. 1150, A 101. While these factors supported gross negligence, the trial court did not hold that these findings established intent to deceive by Jobe or Robbins and they do not conceivably rise to that level.

The reference to a commercial embodiment was in an amendment submitted *over a year after* the application was filed and is in no way inconsistent with the provision of a crude model to Mr. Fleming to prepare the application before it was filed.[15] There has been no evidence that either Jobe or Robbins ever noticed this as a possible inconsistency, still less that they perceived it and deliberately suppressed their inquiry. Nor has it ever been shown to be incorrect. The characterization of Jobe's inquiry to Fleming that " . . . the agent was told he had made an error and asked for some rationalizations . . . " is a far stretch of Jobe's testimony, A 117-119. Even taken at face value, this criticism of Jobe's manner of asking for the information requested by the examiner, in conducting his first reissue, was not a conclusion that Jobe intended-to-deceive. Finally, the circumstance that neither Jobe nor Robbins obtained independent confirmation of Fleming's statement does not come close to establishing intent to deceive. It was perfectly reasonable for Mr. Jobe and Mr. Robbins to rely on

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[15] The Amendment shows on its face that it was received in the PTO on October 14, 1971 and the patent filing date of August 17, 1970,some 14 months earlier and describes the invention, by the time of the amendment, as being "in successful commercial production. Amendment, A 133-134.

the sworn statement of a fellow registered practitioner before the Patent and Trademark Office whom they knew was, like themselves, bound by PTO Rule 56. In their telephone conversations and subsequent correspondence with him, he had given them no reason to doubt him, A 117-122, A124-129. No authority requires a conclusion of intent to deceive for failure to obtain independent confirmation of testimony of a third party witness whom the submitter has no reason to disbelieve.

In sum, there was no basis for a finding of intent to deceive by Mr. Hyer or by Mr. Bogdon in the submission of the B&L reissue declaration and there was no basis for a finding of intent to deceive by Mr. Jobe or by Mr. Robbins in the submission of the Fleming affidavits. Since no human acting for B&L had an "intent to deceive" the examiner, there was no basis for the trial court to find that the corporation had an intent-to-deceive.

IV. CONCLUSION

Grant of certiorari will enable this Court to settle important questions of the federal law pertaining to inequitable conduct before the PTO which the lower court rulings will otherwise severely exacerbate.

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APPENDIX

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

90-1353

HEWLETT-PACKARD COMPANY,
Plaintiff-Appellee,

v.

BAUSCH & LOMB INCORPORATED,
Defendant-Appellee,

FILED
U.S. COURT OF APPEALS FOR
THE FEDERAL CIRCUIT
JAN 31 1991
FRANCIS X. GINDHART
CLERK

JUDGMENT

ON APPEAL from the UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA ***in CASE NO(s).*** C 84-20642 RPA

This CAUSE having been considered, it is ORDERED and ADJUDGED: Per Curiam (NIES, *Chief Judge*, COWEN, *Senior Judge*, and MAYER, *Circuit Judge*):

AFFIRMED. See Fed. Cir. R. 36.

ENTERED BY ORDER OF THE COURT

DATED JAN 31 1991 /s/ Francis X. Gindhart
Francis X. Gindhart, Clerk

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

NO. C 84-20642 RPA

HEWLETT-PACKARD COMPANY,

Plaintiff,

v.

BAUSCH & LOMB, INC.,

Defendant.

FILED

1990 APR 16 AM 3:04

RICHARD W. WIEKING
CLERK
U.S. DISTRICT COURT
NO. DIST. OF CA, S.J.

JUDGMENT

Pursuant to the Court's FURTHER FINDINGS AFTER REMAND RE AFFIRMATIVE DEFENSE OF INEQUITABLE CONDUCT AND ORDER THEREON dated April 16, 1990, judgment is HEREBY ENTERED in favor of plaintiff Hewlett-Packard Company.

IT IS SO ORDERED.

DATED: April 16, 1990

/s/ Robert P. Aguilar
Robert P. Aguilar
United States District Judge

ENTERED IN CIVIL DOCKET 4/19/90

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

NO. C 84-20642 RPA

HEWLETT-PACKARD COMPANY,

Plaintiff,

v.

BAUSCH & LOMB, INC.,

Defendant.

FILED

1990 APR 16 AM 3:04

RICHARD W. WIEKING
CLERK
U.S. DISTRICT COURT
NO. DIST. OF CA, S.J.

FURTHER FINDINGS AFTER REMAND RE AFFIRMATIVE DEFENSE OF INEQUITABLE CONDUCT AND ORDER THEREON

I. INTRODUCTION AND BACKGROUND

On March 18, 1988, summary judgment on the validity of United States Reissue Patent No. 31,684 (the "Yeiser reissue patent") claims 10-12 was granted in favor of plaintiff Hewlett-Packard Company ("HP"). The Court refused to rule on the enforceability of claims 1-9 at that time. A further hearing on the issue of whether claims 1-9 should be nullified for inequitable conduct in relation to the reissue application was held on April 1, 1988. At the conclusion of oral argument, the Court denied the motion

for summary judgment, finding that there remained a triable issue of material fact.

The trial on the issue of inequitable conduct commenced on April 5, 1988. The Court issued its findings of fact and conclusions of law after trial on July 22, 1988. The Court's findings of fact, section IV(D) to the "Amended Order Re Affirmative Defense of Inequitable Conduct", 692 F. Supp. 1118, 1135-1146, are incorporated herein by this reference. The Court concluded that defendant Bausch & Lomb, Inc. (hereinafter "B & L") was guilty of inequitable conduct during the reissue application process and voided claims 1-9 of the Yeiser reissue patent.

On appeal to the Federal Circuit, this Court's grant of summary judgment in favor of HP on claims 10-12 was affirmed. *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 882 F.2d 1156, 1566 (Fed. Cir. 1989). The Federal Circuit also affirmed this Court's legal conclusion that claims 1-9 are voidable by inequitable conduct during the reissue application process. *Id.* at 1563. However, the Federal Circuit reversed, in part, this Court's decision because the wrong legal standard was applied in determining whether B & L was guilty of inequitable conduct. *Id.* at 1562. Alhtough the Federal Circuit agreed that the evidence supported a finding that B & L was grossly negligent, *Id.* at 1562 n.5, it held that inequitable conduct requires a finding of an intent to mislead or deceive the Patent and Trademark Office (hereinafter "PTO") and gross negligence alone does not support an inference of intent to deceive. *Id.* at 1562. Accordingly, this case was remanded for additional findings on the issue of intent to deceive.

II. DISCUSSION

The Court has received, read, and considered all of the papers submitted by the parties in relation to their cross-motions for additional findings. In addition, on April 6, 1990, the Court heard the oral argument of counsel. GOOD

CAUSE appearing therefor, the Court HEREBY FINDS that Bausch & Lomb, through its officers, employees and/or agents, manifested and maintained an intent to deceive the Patent and Trademark Office during the Yeiser reissue application process.

In making this additional finding, the Court has considered the totality of the circumstances. *See Hewlett-Packard*, 882 F.2d at 1562. In particular, the Court relies upon the facts supporting the Court's prior conclusions that B & L's conduct amounted to a "studied ignorance" of the facts and exhibited a "reckless indifference" to the truth. The Court also bases its finding on the complete absence of evidence of good faith.

While there is no direct proof that B & L's patent attorneys intended to deceive the PTO, the facts referred to above, together with the evidence supporting the Court's finding of gross negligence, create an unmistakable inference that B & L intended to mislead the patent examiner during the Yeiser reissue application process.[1] *See Id.* ("a 'studied ignorance' of the facts and a "reckless indifference' to the truth" and a "complete absence of evidence of good faith" are circumstances that "may give rise to an inference of wrongful intent"), *citing FMC Corp. v. Hennessy Indus., Inc.*, 836 F.2d 521, 526 n.6 (Fed. Cir. 1987). Moreover, these findings lead to the conclusion that B & L is guilty of inequitable conduct during the Yeiser reissue application process.

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[1] The Court disagrees with B & L's contention that the scienter element of a fraud claim is now a requirement of all inequitable conduct claims. Furthermore, direct proof of actual knowledge of the falsity of a statement is not required to prove fraud. Witkin, *Sum. of Cal. Law*, Torts § 705 (9th Ed.); *See also* Rest.2d, Torts § 526(b)(c); Cal. Civ. Code § 1572(1) (West 1990) (Fraud includes "[t]he suggestion, as a fact, of that which is not true, by one who does not believe it to be true."); and *Yellow Creek Logging Corp. v. Dare*, 216 Cal. App.2d 50, 55 (1963) ("[F]alse representations made recklessly and without regard for their truth in order to induce action by another are the equivalent of misrepresentations knowingly and intentionally uttered.").

III. CONCLUSION

The evidence presented during the trial of this case supports the additional finding that B & L intended to mislead or deceive the PTO. Accordingly, claims 1-9 of the Yeiser reissue patent are unenforceable due to the inequitable conduct of B & L during the reissue application process.

IT IS SO ORDERED.

DATED: April 16, 1990

/s/ Robert P. Aguilar
Robert P. Aguilar
United States District Judge

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

88-1590, -1591

HEWLETT-PACKARD COMPANY,
Plaintiff/Cross-Appellant,

v.

BAUSCH & LOMB INCORPORATED,
Defendant-Appellant.

DECIDED: August 9, 1989

Before NIES, *Circuit Judge*, BALDWIN, *Senior Circuit Judge*, and BISSELL, *Circuit Judge*.

NIES, *Circuit Judge*.

Bausch and Lomb Incorporated (B&L) appeals from a final judgment, in favor of Hewlett-Packard Company (HP), entered by the United States District Court for the Northern District of California in a patent infringement suit. *Hewlett-Packard Co.* v. *Bausch & Lomb Inc.*, No. C 84-20642 (July 22, 1988). The judgment is based on the district court's holdings that B&L's United States Patent No. Re. 31,684 ('684) is unenforceable and partially invalid. We affirm-in-part, vacate-in-part, and remand.

The court held claims 10-12, which were added during reissue, invalid because B&L filed blatantly inaccurate affidavits to support reissue. Absent the affidavits, the court held, B&L failed to comply with the requirements of the oath specified in 35 U.S.C. § 251 (1982) and 37 C.F.R. § 1.175 (1988). The court rejected HP's argument, however, that the improper oath also rendered claims 1-9,

which were carried over unchanged from the original patent, invalid. *Hewlett-Packard Co.* v. *Bausch & Lomb Inc.*, 8 USPQ2d 1177 (N.D. Cal. 1988); *Hewlett-Packard Co.* v. *Bausch & Lomb Inc.*, 692 F. Supp. 1118, 1120-32, 8 USPQ2d 1179, 1181-91 (N.D. Cal. 1988). Nevertheless, the district court held that B&L's conduct in prosecuting the reissue, including the submission of the false affidavits, rose to the level of inequitable conduct. In the court's view, such misconduct tainted all 12 claims and rendered the '684 patent entirely unenforceable. *Hewlett-Packard Co.* v. *Bausch & Lomb Inc.*, 692 F. Supp. 1118, 1132-50, 8 USPQ2d 1179, 1192-1206 (N.D. Cal. 1988).

We affirm the court's holding that claims 10-12, but not claims 1-9, are invalid because the reissue application was defective. It is unclear, however, whether the district court's determination of inequitable conduct is in accord with this court's recent pronouncement in *Kingsdown Medical Consultants, Ltd.* v. *Hollister Inc.*, 863 F.2d 867, 876-77, 9 USPQ2d 1384, 1392 (Fed. Cir. 1988) (in banc). Accordingly, we vacate that part of the judgment and remand for reconsideration.

Finally, B&L asserts it is entitled to a retrial of the case. Following entry of judgment, B&L moved the trial judge to disqualify himself pursuant to 28 U.S.C. § 455 (1982) upon learning that HP employed the judge's son. That circumstance in itself, per B&L, would cause a reasonable person to question the judge's impartiality. B&L appeals the denial of its motion. *Hewlett-Packard Co.* v. *Bausch & Lomb Inc.*, 8 USPQ2d 1206 (N.D. Cal. 1988). We affirm.

I

ISSUES

1. Did the district court err, by applying an incorrect legal standard, in holding B&L guilty of inequitable conduct in prosecuting the reissue application?

2. Where inequitable conduct is found during reissue proceedings, which renders all new claims added or amended during reissue unenforceable, is a finding of actual fraud or bad faith required to hold the unchanged claims carried over from the original patent also unenforceable?

3. Is a failure to include narrower or dependent claims in a patent sufficient in itself to establish error warranting reissue under 35 U.S.C. § 251?

4. Where a reissue patent issues from a defective application, are all claims invalid or are only the claims added or amended during reissue invalid?

5. Does 28 U.S.C. § 455(a) (1982) require the judge's recusal in this case?

II

BACKGROUND

John Yeiser invented an "X-Y Plotter," described in United States Patent No. 3,761,950 ('950), in which chart paper moves under a marking pen. Yeiser's patent issued in 1973 with nine claims.[1] Following a series of assign-

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[1] Claim 1 of the '950 patent is as follows:

1. An X-Y plotter comprising:

a table adapted to support a cut chart slidably thereon;

a fixed carriage guide extending across said table in an X-direction;

a carriage with a marking element, supported by said guide and movable therealong to provide X-deflection of said marking element across said chart;

driving roller means with pinch roller means engageable with said chart to provide bidirectional recording displacement of said chart across said table in the Y-direction orthogonal to said X-direction;

electromechanical X-servo means connected drivably to said carriage; and

electromechanical Y-servo means connected drivably solely

ments, the Milton Roy Company (MRC) acquired the '950 patent. The invention claimed in that patent was commercialized only briefly. MRC had been out of the plotter business for some time when, in late 1980 or early 1981, HP introduced its first moving-paper X-Y plotter, with great success.

B&L, a competitor of HP, discovered the '950 patent during an investigation of HP's patent protection on its plotter. In 1982, B&L bought the '950 patent from MRC for $30,000, admittedly for the purpose of gaining leverage in negotiations—hoping to obtain a cross license from HP—and possible litigation. The record indicates that B&L was concerned, however, that claim 1, which arguably covers HP's plotter and is the only independent claim asserted, was overly broad. To obtain narrower claims which would incorporate details of the HP plotter specifically, B&L filed a reissue application containing three new claims, 10-12.[2] The original nine claims of the '950 patent were included in the reissue application without substantive change.

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to said driving roller means,

said bidirectional displacement of said cut chart being the sole provision for relative displacement of said chart and said marking element for recording in said Y-direction.

[2] Claims 10-12 of the '684 patent are as follows:

10. The X-Y plotter as claimed in claim 1, wherein:

said driving roller means includes a drive roller having a peripheral anti-slip surface having a high coefficient of friction frictionally engagable with a surface of said cut chart; and

said pinch roller means includes a pinch roller engageable with the other surface of said cut chart and positioned to hold said cut chart against said drive roller.

11. The X-Y plotter as claimed in claim 10, wherein the anti-slip surface of said drive roller is knurled.

12. The X-Y plotter as claimed in claim 11, wherein the anti-slip surface is cylindrical.

The PTO rejected the application, *inter alia*, on the grounds that B&L failed to specify either an error warranting reissue or how the error occurred. B&L successfully overcame the PTO rejections by supplementing the initial declaration with two affidavits signed by the patent agent, Lawrence Fleming, who had prosecuted the original patent. The facts surrounding those affidavits and the effect they had on the reissue will be discussed below in detail in connection with addressing the issues of the validity and enforceability of the '684 patent, which are the central issues of this appeal.

With issuance of the '684 patent imminent, B&L charged HP with infringement. HP countered with a petition for reexamination of claims 1, 2, and 10-12 over certain prior art. The PTO found that HP's petition raised a substantial new question of patentability, but ultimately upheld the validity of all claims. HP then filed a declaratory judgment action in October 1984, asserting invalidity of all claims of the '684 patent under 35 U.S.C. §§ 102, 103, 112, and 251 (1982), and later added an allegation of unenforceability for inequitable conduct in B&L's prosecution of the reissue application. B&L counterclaimed, charging HP with infringement of claims 1 and 2, which were original claims, and claims 10-12 added by reissue.

On a summary judgment motion, the district court held claims 10-12, but not claims 1-9, invalid. More specifically, the court found that the oath (declaration) in the application for reissue was defective. B&L contends that, as a matter of law, the oath was not defective. On the other hand, HP urges that, because the oath was defective, the district court should have held original claims 1-9 also invalid.

A separate trial on the issue of inequitable conduct was then held, after which the district court held all claims unenforceable. B&L contends that the court legally erred in holding it guilty of inequitable conduct because the court

found only that B&L acted with gross negligence, not with an intent to deceive. B&L also maintains that, regardless of the fate of the added claims 10-12, original claims 1-9 cannot, as a matter of law, be held unenforceable absent actual, "*Walker Process*"-type fraud.[3] Such fraud was not alleged, proved, or found. Having disposed of all claims by its decision on the above issues, the district court chose to enter judgment under Federal Rule of Civil Procedure 54(b) without reaching the additional validity questions raised under sections 102, 103, and 112. It denied HP attorney fees, requested under 35 U.S.C. § 285 (1982), a ruling challenged in HP's cross appeal.

III

FACTS CONCERNING THE REISSUE AFFIDAVITS

The facts surrounding the two Fleming affidavits submitted by B&L to support the reissue application are central to the issues of validity and enforceability. Accordingly, those facts must be set forth in detail.

Upon acquisition of the '950 patent, B&L immediately began steps to secure its reissue. The matter was handled by Bernard Bogdon, B&L's in-house counsel, and William Hyer, outside patent counsel. Hyer delegated the task to an associate of his firm, Jonathan Jobe. It was Jobe's first experience with drafting a reissue application.

Working from the '950 patent file and the specifics Hyer gave him on the HP plotter, Jobe drafted the reissue application, adding three dependent claims to Claim 1 to cover specific features of the HP plotter. Jobe drafted the declaration, later signed by B&L's vice president, George More, to state that the '950 patent was "partly or wholly inoperative . . . by reason of the patentee claiming less than he had a right to claim in that he had a right to

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[3] *See Walker Process Equip., Inc.* v. *Food Mach. & Chem. Corp.*, 382 U.S. 172 (1965).

claim [his invention] more specifically," and that the omission of the dependent claims was caused "because of oversight and without deceptive intent on the part of said John O. Yeiser or his attorney." No one had at that time consulted with Lawrence Fleming, the patent agent (by then retired) who had prosecuted the '950 patent.[4]

Although he signed the declaration, More knew nothing about the alleged "error," either personally or based on others' investigations. Indeed, he was told that he was better off not asking any questions. Jobe testified that he included the reference to an "oversight" because "it is required by the statute" and because he could not "imagine any deceptive reason for not including those claims."

Filed in due course, the reissue application was rejected on the ground:

> The declaration is insufficient because it does not specify an error. The addition of narrower claims, by itself, is not an error. Note that there is no allegation that base claim 1 is inoperative or invalid. Why are claims of narrower scope necessary? The declaration is further insufficient because it does not specify how the error arose or occurred. The statement that the alleged errors occurred or arose because of oversight on the part of the inventor or his attorney does not specify in detail how and why such an oversight occurred. A declaration from the original attorney may be in order.

Following the examiner's rejection, Jobe made his first contact with Fleming, by telephone, informing him generally of the nature of the reissue application and of the PTO rejection and asking how Fleming's alleged "oversight" occurred. In essence, per the district court, Jobe asked Fleming how he could have made the "tremendous

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[4] Yeiser, the inventor, had been deceased for a number of years.

blunder" of omitting claims specifically encompassing features of the pinch roller assembly. *Hewlett-Packard*, 692 F. Supp. at 1140, 8 USPQ2d at 1198. Fleming attempted to justify his action with the explanation, later confirmed by letter, that he was unable to get much information from Yeiser.

Jobe then prepared an affidavit for Fleming, which was submitted to the PTO. Essentially, Fleming averred that he had only limited contacts and ability to communicate with the inventor; that no one at the company where Fleming was employed, or its predecessor, provided any substantive help or guidance during prosecution of the patent application; that Yeiser sent him a single, brief memorandum to guide him on what to claim; and that claims which further define and distinguish the invention from the prior art could have been drafted and allowed had further communications and guidance been received. Although Fleming had made references to his "old file" in discussing matters with Jobe, Jobe never asked for documentation or otherwise sought confirmation of Fleming's averments.

The PTO maintained its rejection of B&L's reissue application despite the first Fleming affidavit, reiterating the same grounds as in its initial rejection. Specifically, the PTO found that the More declaration and the Fleming affidavit failed to specify an error or how, when, and why the alleged error arose. Particularly addressing Fleming's affidavit, the examiner stated:

> The Fleming affidavit states that the contacts and ability to communicate with the inventor by the agent who prepared the application were significantly limited. It is acceptable on this point. It is not acceptable however as to how and by whom the scope of the subject matter claimed was determined and why.

At this point, house counsel Howard Robbins took over prosecution of the reissue. After speaking with Fleming,

Robbins drafted the second Fleming affidavit. In that affidavit, Fleming averred that he had been given a "crude model of the invention" to review on only one occasion for about two hours; that the scope of the claims was determined solely by him based on this brief disclosure; that he had no discussions with Yeiser concerning the scope of the claims; and that Yeiser had sold his plotter business and was not focusing on such matters. Robbins' accompanying argument to the PTO reiterated these "facts" and that Fleming's action was "without full cognizance of what was significant in view of the art." The PTO reconsidered the original declaration, together with the two Fleming affidavits, and found them sufficient under 37 C.F.R. § .175. Accordingly, the PTO allowed claims 1-12 in reissue patent '684.

During discovery in this lawsuit, HP obtained notebooks which Fleming had kept from 1970-73. Those notebooks detailed Fleming's daily activities, including efforts relating to the '950 application. The entries contradicted crucial parts of the two Fleming affidavits submitted to the PTO and prompted HP to raise the affirmative defense of inequitable conduct during prosecution of the reissue.

Fleming's notebooks and other evidence established, and it is not disputed, that contrary to Fleming's averments that he and Yeiser had "limited," "infrequent" contacts during the period of preparation and prosecution of the '950 patent, the two men had met in person, spoken on the telephone, or exchanged correspondence many (67) times in that time frame. Contrary to Fleming's averment that the single memorandum from Yeiser was his "only guidance" on what to claim, the two met to review the patent application and discussed prior art as well as claim strategies. As the district court pointedly summed up the situation:

> All these contracts contradict and destroy the validity of Fleming's statement regarding his con-

> tacts with Yeiser and [Fleming's] wholly unaided hand in fashioning the scope of the claims.

Id. at 1128, 8 USPQ2d at 1188. In addition, Fleming in fact had numerous recorded contacts (53) with Tarrantino, president of the inventor's employer. His communications with the clients were never "cut off". The second affidavit, like the first, contains blatant misstatements.

The record is unchallenged that the scenario B&L presented to the PTO, that Fleming misunderstood the invention and did the best he could on his own to draft the claims, contained not merely technical misstatements, but pure fiction. Moreover, Fleming's own handwritten notes show that he had discovered his notebooks and consulted them before the PTO issued the '684 patent. The letter to Jobe from Fleming in which Fleming referenced his notebooks negates B&L's basic position during trial that neither B&L nor Fleming knew the notebooks existed until after this litigation began.

Other details of the prosecution of the reissue application appear in the district court's opinions. The above recount, however, gives the flavor of the factual basis for the district court's holdings of invalidity and unenforceability.

IV

INEQUITABLE CONDUCT

We address the issue of inequitable conduct first because, if affirmed, it would be dispositive. B&L's appeal raises the question of whether the district court resolved the matter of inequitable conduct under the correct legal standard. More particularly, B&L argues that the district court found only gross negligence in its conduct, which is insufficient, as a matter of law, to sustain the court's ruling.[5]

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[5] Although B&L also argues that it was not grossly negligent, we

From a close reading of the district court's rulings, we conclude that the court misunderstood our precedent with respect to the correct legal standard for resolving the issue of inequitable conduct. The district court did not have the benefit of the recent clarification by this court in *Kingsdown*, which explained that a finding of gross negligence in itself is insufficient to support a holding of inequitable conduct. *Kingsdown*, 863 F.2d at 876-77, 9 USPQ2d at 1392.

Inequitable conduct requires a finding of an intent to mislead or deceive the PTO. Such intent usually can only be found as a matter of inference from circumstantial evidence. *See, e.g., Klein* v. *Peterson*, 866 F.2d 412, 415, 9 USPQ2d 1558, 1560 (Fed. Cir.) ("circumstantial evidence may permit an inference of intent"), *cert. denied*, 109 S. Ct. 2432 (1989). Although the proof of gross negligence may be circumstantial evidence which gives rise to an inference of intent to mislead in some instances, the label "gross negligence" covers too wide a range of culpable conduct to create such an inference in all cases. Thus, grossly negligent conduct may or may not compel an inference of an intent to mislead. Such an inference depends upon the totality of the circumstances, including the nature and level of culpability of the conduct and the absence or presence of affirmative evidence of good faith. *See Kingsdown*, 863 F.2d at 876, 9 USPQ2d at 1392.

Although the district court here characterized B&L's conduct as evidencing a "[s]tudied ignorance" of the facts and a "reckless indifference" to the truth, and further noted the complete absence of evidence of good faith (circumstances we have held may give rise to an inference of wrongful intent, *see FMC Corp.* v. *Hennessy Indus.*,

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are unpersuaded that the explicit finding of the court to the contrary is clearly erroneous. Moreover, we agree with the court that the mistakes in the affidavits were material in that "but for" those misrepresentations, the PTO would not have granted the reissue application.

Inc., 836 F.2d 521, 526 n.6, 5 USPQ2d 1272, 1275 n.6 (Fed.Cir. 1987)), the district court did not actually make a finding that B&L intended to mislead the PTO. Relying on earlier precedent of this court, *e.g.*, *J.P. Stevens Co.* v. *Lex Tex, Ltd.*, 747 F.2d 1553, 1560, 223 USPQ 1089, 1092 (Fed. Cir. 1984), the district court apparently understood that it was unnecessary to go beyond a finding of gross negligence. That understanding was legal error. A finding of intent to mislead is necessary.

The Supreme Court in *Pullman-Standard* v. *Sevint*, 456 U.S. 273, 291, (1982) has instructed:

> "When an appellate court discerns that a district court has failed to make a finding because of an erroneous view of the law, the usual rule is that there should be a remand for further proceedings to permit the trial court to make the missing findings, . . . "

In accordance with that general rule, we vacate the court's judgment on inequitable conduct and remand for the district court to provide the "missing finding" of intent or no intent and to enter a new judgment on the issue of inequitable conduct.[6]

In this connection, we reject B&L's argument that a finding of actual fraud must be made to render the claims (1-9) carried over from the original patent unenforceable. Although B&L is correct that an extremely high level of misconduct, actual fraud, is necessary to sustain a *Walker*

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[6] HP cross appeals from the denial of its request for an award of attorney fees under 35 U.S.C. § 285 (1982), claiming the court's inequitable conduct holding entitled it to such an award. Our precedent does not support HP's position. An award of attorney fees does not follow automatically from a holding of inequitable conduct. *See, e.g., Reactive Metals & Alloys Corp.* v. *ESM, Inc.*, 769 F.2d 1578, 1582, 226 USPQ 821, 824 (Fed. Cir. 1985) ("even though inequitable conduct before the PTO is found, fees may be refused"). In any event, that holding having been vacated, HP's appeal is rendered moot.

Process antitrust claim, that argument misses the mark. *See In re Clark*, 522 F.2d 623, 628, 187 USPQ 209, 213 (CCPA 1975) (although the proved misconduct was not fraud under *Walker Process*, it was inequitable and sufficient to reject all claims in reissue application). When a party seeks to collect monetary damages from a patentee because of alleged violations of the antitrust laws, it is appropriate to require a higher degree of misconduct for that damage award than when a party asserts only a defense against an infringement claim. *See Argus Chem. Corp.* v. *Fibre Glass-Evercoat Co.*, 812 F.2d 1381, 1386-87, 1 USPQ2d 1971, 1975-76 (Fed. Cir. 1987) (Nies, J., filing additional views); *accord Jackson Jordan, Inc.* v. *Plasser Am. Corp.*, 219 USPQ 922, 933-34 (E.D. Va. 1983), *aff'd in pertinent part, rev'd in part, vacated in part*, 747 F.2d 1567, 224 USPQ 1 (Fed. Cir. 1984). A successful defense of inequitable conduct during reissue is not comparable to asserting a *Walker Process* claim against a patentee.

Moreover, in *Kingsdown*, we reaffirmed that, when inequitable conduct is found, all claims of the patent are rendered unenforceable, not merely those claims directly affected by the misconduct. *Kingsdown*, 863 F.2d at 877, 9 USPQ2d at 1392. We are unpersuaded that a different consequence should follow when the inequitable conduct occurs during reissue proceedings rather than during original prosecution. *Accord Kearney & Trecker Corp.* v. *Giddings & Lewis, Inc.*, 452 F.2d 579, 594, 171 USPQ 650, 662 (7th Cir. 1971) (finding inequitable conduct during reissue, held that "the facts call for nothing less than a complete denial of enforceability of *any* of the claims acquired by reissue") (emphasis added), *cert. denied*, 405 U.S. 1066 (1972).

Reissue is essentially a reprosecution of all claims. For example, original claims which a patentee wants to maintain unchanged may nevertheless be rejected on any statutory ground. *See* 35 U.S.C. § 251 ("[t]he provisions of this title relating to applications for patent shall be ap-

plicable to the applications for reissue of a patent"); 37 C.F.R. § 1.176 (1988) (reissue application "examined in the same manner as original applications"); *In re Doyle*, 482 F.2d 1385, 1392, 179 USPQ 227, 232-33 (CCPA 1973) (original claims held invalid under section 112 during reissue), *cert. denied*, 416 U.S. 935 (1974); United States Patent & Trademark Office, *Manual of Patent Examining Procedure* § 1440 (5th ed. 1983 & 1987 rev. 6) (an original claim "will be fully examined in the same manner subject to the same rules relating thereto, as if being presented for the first time in an original application"). In sum, we conclude that, with respect to inequitable conduct, it is appropriate to give the same extent of unenforceability to a reissue patent as to an original patent and that the same level of misconduct is required in both instances.[7] Thus, if the district court concludes, on remand, that the record establishes inequitable conduct, all claims are rendered unenforceable.

V

VALIDITY

A. Reissue Claims 10-12 Are Invalid

Even before specific provisions were included in the patent statute for correcting defective patents, Chief Justice Marshall, in *Grant* v. *Raymond*, 31 U.S. (6 Pet.) 218, 244 (1832), articulated the principle that a defective patent was an inadequate exchange for the patentee's disclosure of an invention and that a new patent should be issued, in appropriate circumstances, which secures to the patentee the benefits which the law intended. The circumstances under

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[7] It is well settled that, in the reverse case of inequitable conduct during prosecution of the original application, reissue is not available to obtain new claims and thereby rehabilitate the patent. *See, e.g., In re Clark*, 522 F.2d 623, 627, 187 USPQ 209, 213 (CCPA 1975) (reissue unavailable to rescue patentee who committed inequitable conduct during original prosecution).

which reissue is permissible are now set forth in 35 U.S.C. § 251, which provides in pertinent part:

> Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

B&L argues that an "error" is present, within the meaning of section 251, if it can be discerned from the patent specification, claims, and prosecution history that the patentee could have included a narrower claim, unless there is evidence that such "omission" was intentional. The omission of narrower claims 10-12, per B&L, also falls within the statutory language that the patentee claimed "less than he had a right to claim."

The district court found that the facts in the Fleming affidavits were essential to reissue and that without those facts, which turned out to be "grossly inaccurate," there was no error warranting reissue. Conversely, B&L asserts that More's original declaration established "reissuable error" and that the Fleming affidavits were both unnecessary and wrong only in immaterial details. Our precedent rejects B&L's simplistic interpretation of the reissue statute with respect to what constitutes error under section 251.

As explained in *In re Wilder*, 736 F.2d 1516, 222 USPQ 369 (Fed.Cir. 1984), *cert. denied*, 469 U.S. 1209 (1985):

> There are two distinct statutory requirements that a reissue oath or declaration must satisfy. First, it must state that the patent is defective or partly inoperative or invalid because of defects in the specification or drawing, or because the patentee has claimed more or less than he is entitled to. Second, the applicant must allege that the defective, inoperative, or invalid patent arose through error without deceptive intent.

Id. at 1518, 222 USPQ at 370; *see also In re Wesseler*, 367 F.2d 838, 847-48, 151 USPQ 339, 346-47 (CCPA 1966). In sum, the statutorily required "error" of section 251 has two parts: (1) error in the patent, and (2) error in conduct. *See In re Clark*, 522 F.2d at 626, 187 USPQ at 212.

On the first part, the precedent of this court is that the expression "less than he had a right to claim" generally refers to the scope of a claim. *See, e.g., In re Wesseler*, 367 F.2d at 847, 151 USPQ at 346 (patentee claimed "less than he had right to claim" and sought "reissue to enlarge the *scope* of the patent claims"); *In re Handel* 312 F.2d 943, 945-46 n.2, 136 USPQ 460, 462 n.2 (CCPA 1963) (statutory sense of "less" is subject matter included within the claims). Thus, that provision covers the situation where the claims in the patent are narrower than the prior art would have required the patentee to claim and the patentee seeks broader claims. Conversely, the alternative that the patentee claimed "more . . . than he had a right to claim" comes into play where a claim is too broad in scope in view of the prior art or the specification and the patentee seeks narrower claims.

In this case, B&L averred that the inventor claimed "less" than he had a right to claim, which ordinarily would mean that B&L sought broader claims by reissue. But B&L did not seek broader claims; instead, B&L sought to add several dependent claims in hopes that it could assert the patent should independent claim 1 be held invalid.

Otherwise, the dependent claims add nothing to the patent's protection against infringements. Any device that infringes new claims 10-12 *ipso facto* infringes carry-over claim 1, which B&L maintains is valid. Thus, in fact, B&L is not asserting that the claims in the '684 patent are inoperative (i.e., ineffective to protect the invention) by reason of the patentee claiming either too much or too little in scope, but because he included, in a sense, *too few* claims. *See In re Handel*, 312 F.2d at 945-46 n.2, 136 USPQ at 462 n.2.

Although neither "more" nor "less" in the sense of scope of the claims, the practice of allowing reissue for the purpose of including narrower claims as a hedge against the possible invalidation of a broad claim has been tacitly approved, at least in dicta, in our precedent. *Id. See also* 4 E. Lipscomb, *Walker on Patents* § 14:33 at 479 (3d ed. 1986). For purposes of this case, we will assume that that practice is in accordance with the remedial purpose of the statute, although B&L clearly did not allege an "error" in the patent which meets the literal language of the statute. We need not decide here whether omission of narrow claims which more specifically cover a broadly claimed invention meets the first prong of the requirement for error, that is, error in the patent, because B&L clearly did not establish the second prong, namely, inadvertent error in conduct. Contrary to B&L's position, a reissue applicant does not make a *prima facie* case of error in conduct merely by submitting a sworn statement which parrots the statutory language.

The language of the current statute, "error without deceptive intent," replaced, but did not substantively change, the language of the prior statute, section 4916 of the Revised Statutes, 35 U.S.C. 64 (1946), "error . . . by inadvertence, accident, or mistake, and without fraudulent or deceptive intent." The term "error" encompasses "inadvertence, accident or mistake," and those words were eliminated as redundant. *See* 4 Lipscomb, *supra*, § 14.10 at

411. As explained in *Ball Corp.* v. *United States* 729 F.2d 1429, 1435 & n.9, 221 USPQ 289, 294 & n.9 (Fed. Cir. 1984):

> The 1952 revision of the patent laws made no substantive change in the definition of error under section 251. . . . 'Error' is interpreted in the same manner as under section 64 of the old law, i.e., accident, inadvertence, or mistake.

The statutory provision has been implemented and expanded by the PTO regulations of 37 C.F.R. § 1.175, which require an oath or declaration with respect to both aspects of error under section 251 and further require an explanation as to how and when the error in conduct arose and how and when it was discovered.

B&L asserts the theory that, whenever it is apparent that narrower claims could have been obtained, error warranting reissue exists. Under B&L's theory, the dual error inquiry collapses into one because the omission of additional narrow claims not only makes the patent "defective," but also give rise to an inference of "oversight". Were that theory correct, it is difficult to conceive of any extant patent for which a right of reissue would not exist, a view which this court has unequivocably and repeatedly rejected. For example, as explained in *In re Weiler*, 790 F.2d 1576, 229 USPQ 673 (Fed. Cir. 1986), reissue is not intended to give the patentee simply a second chance to prosecute the patent application:

> The reissue statute was not enacted as a panacea for all patent prosecution problems, nor as a grant to the patentee of a second opportunity to prosecute *de novo* his original application.

Id. at 1582, 229 USPQ at 677. *Weiler* further advises:

> [T]he grant of reissues [is not required] on anything and everything mentioned in a disclosure. . . . [Section] 251 does not authorize a

> patentee to re-present his application. Insight resulting from hindsight on the part of new counsel does not, in every case, establish error.

Id. at 1583 n.4, 229 USPQ at 677-78 n.4.

B&L seeks to avoid the admonitions of *Weiler* with an argument, in effect, that an error in conduct must be presumed, absent affirmative evidence that the defect in the patent which is asserted in the reissue application was intentional. For this premise, B&L relies on language in *Ball* stating that reissue was there appropriate because "there is no evidence that the [patentee] intentionally omitted or abandoned the claimed subject matter". 729 F.2d at 1435-36, 221 USPQ at 294. In *Ball*, that analysis was *apropos*; it is not germane here. The patentee in *Ball* was seeking broader claims and an abandonment inquiry was necessary under the facts presented. B&L does not suggest circumstances which would constitute abandonment of the subject matter of the dependent claims while not, at the same time, abandoning the subject matter of the independent claim. Thus, B&L's proposed restriction on reissue where narrower claims are sought is, in truth, no restriction at all.

Returning to the district court's holdings, we discern no legal error in its conclusion that the original More declaration in itself was inadequate to establish error and that the supplemental Fleming affidavits were necessary. The Fleming affidavits were critical to provide the required explanation of what *his* error was and how and why it occurred.

The evidence of record establishes beyond doubt that Fleming's affidavits, in explaining why narrow claims were not included, were factually untrue. We need not repeat those errors, which are set out above and are substantially undisputed. B&L argues that the misstatements were innocent and should be ignored. Assuming that they were due only to Fleming's faulty memory, the misstatements

are not thereby corrected to provide a valid assertion of error. Accordingly, the district court properly held that the factual inaccuracy of the affidavits eliminated the basis for reissue and rendered the '684 patent invalid, albeit only as to claims 10-12.

B. "Carry-Over" Claims 1-9 Remain Valid

Only claims 10-12 were added by B&L during prosecution of the reissue application. Aside from correction of a typographical error in claim 3, the original claims 1-9 of the '950 patent remained identical. HP contends that the effect of the court's holding that B&L failed to submit a valid reissue application is to render the '684 patent invalid in its entirety, that is, all claims must be held invalid. The district court noted that there was some illogic in invalidating the reissue patent and, at the same time, upholding the carry-over claims therein. The carry-over claims cannot be asserted based on the original patent, because the patent owner must surrender the original patent upon reissuance. 35 U.S.C. § 252 (1982). Logically, it would follow that B&L has no claims to enforce. Indeed, some precedent exists to support invalidation of all claims when the reissue declaration is found wanting. *See, e.g., Riley* v. *Broadway-Hale Stores, Inc.*, 114 F. Supp. 884, 98 USPQ 433 (S.D. Cal. 1953), *aff'd*, 217 F.2d 530, 103 USPQ 414 (9th Cir. 1954). We agree with the district court, however, that such a result is neither compelled by the patent statute nor by the circumstances here.

There is no disagreement with the long-standing proposition that invalidation of a new claim (added during reissue) on prior art does not invalidate the other claims. *Accord Cleveland Trust Co.* v. *Thomas*, 1 F. Supp. 917, 920 (D. Mass. 1932) ("It is settled law that the invalidity of a new claim in a reissue does not impair the validity of original claims repeated in the reissue"). Nor could there be any disagreement, for the patent statute provides: "Whenever, without any deceptive intention, a claim of

patent is invalid the remaining claims shall not thereby be rendered invalid." 35 U.S.C. § 253 (1982). That proposition offers little guidance, however, because the invalidity resulting from a defective reissue application may be viewed as affecting the entire patent and not merely any particular claim.

We find support for upholding carry-over claims in *Gage* v. *Herring*, 107 U.S. 640 (1883). There, the Supreme Court expressed its view that the inadequacy of the ground for reissuing a patent did not "impair the validity of the original claim which is repeated and separately stated in the reissued patent." *Id.* at 646. *Gage* is especially on point because the invalidity of the reissue claim did not turn on prior art but on the negation of a right to reissue. The patentee repeated one claim from his original patent and attempted to add a second claim by reissue, arguing that the original claim was "too much restricted." The Supreme Court held the added claim invalid because that claim was one the patentee "did not make, or suggest the possibility of, in the original patent." *Id.* Nevertheless, the Court upheld the validity of the original claim. *See also Foxboro Co.* v. *Taylor Instrument Cos.*, 157 F.2d 226, 228, 70 USPQ 338, 340 (2d Cir. 1946) (Hand, J.) ("we need not consider whether [the patentee] showed adequate excuse for any reissue whatever, because, even though he did not, the surrender of the original patent, resulting from the acceptance of the reissue, did not invalidate any claims which he carried over into the reissue"), *cert. denied*, 329 U.S. 800 (1947); *cf. Miller* v. *Brass Co.*, 104 U.S. 350 (1882) (delay in filing for broadened reissue invalidates new claim only).

We see no reason to reach a contrary result under the circumstances here. Accordingly, we affirm the district court's ruling that the lack of error warranting reissue invalidates only new claims 10-12, and not original claims 1-9.

VI

DISQUALIFICATION

Following entry of judgment, B&L brought a motion to disqualify the trial judge under 28 U.S.C. § 455(a) (1982). That section provides:

> Any justice, judge, or magistrate of the United States shall disqualify himself in any proceeding in which his impartiality might reasonably be questioned.

As grounds for its motion, B&L asserted that HP's employment of the judge's son would cause a reasonable person to question the judge's impartiality. It appeals the denial of that motion. *See* 8 USPQ2d 1206.

A motion for disqualification raises a delicate matter of constitutional dimensions. As the Supreme Court has stated:

> The Due Process Clause "may sometimes bar trial by judges who have no actual bias and who would do their very best to weigh the scales of justice equally between contending parties. But to perform its high function in the best way, 'justice must satisfy the appearance of justice.' "

Liljeberg v. *Health Servs. Acquisition Corp.*, 108 S. Ct. 2194, 2205 n.12 (1988) (quoting *Aetna Life Ins. Co.* v. *Lavoie*, 475 U.S. 813, 825 (1986)). The decision on such a motion is left, in the first instance, to the trial court's discretion. The Ninth Circuit Court of Appeals then reviews the trial court's decision under an abuse of discretion standard.[8] *See, e.g., United States* v. *Monaco*, 852 F.2d

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[8] A motion to vacate a judgment based on disqualification of a trial judge is a matter unrelated to patent law. Accordingly, we follow the law of the regional circuit in which the district court sits, here the Ninth Circuit. *Polaroid Corp.* v. *Eastman Kodak Co.*, 867 F.2d 1415, 1419 n.11, 9 USPQ2d 1877, 1880 n.11 (Fed. Cir.), *cert. denied*, 109 S. Ct. 1956 (1989).

1143, 1147 (9th Cir. 1988), *cert. denied*, 109 S. Ct. 864 (1989). Under that standard, we must ask not whether we would have decided as did the trial court, but whether its decision represents "a clear error of judgment." *Zepeda* v. *I.N.S.*, 753 F.2d 719, 725 (9th Cir. 1983).

In enacting section 455(a), Congress created an objective standard under which disqualification of a judge is required when a reasonable person, knowing *all* the facts, would question the judge's impartiality. *Liljeberg*, 108 S. Ct. at 2201 n.7; *United States* v. *Nelson*, 718 F.2d 315 321 (9th Cir. 1983) ("The test for disqualification under section 455(a) is an objective one: whether a reasonable person with knowledge of all the facts would conclude that the judge's impartiality might reasonably be questioned."); 13A C. Wright, A. Miller & E. Cooper, *Federal Practice & Procedure: Jurisdiction* § 3549 at 612 (1984). Although that standard is a relatively vague and flexible ground upon which to decide a question of constitutional import, the Supreme Court has provided a starting point for applying it: "it is critically important . . . to identify the facts that might reasonably cause an objective observer to question [the judge's] impartiality." *Liljeberg*, 108 S. Ct. at 2205.

B&L asserts a number of "facts" which it claims require disqualification: (1) HP has employed the judge's son for the past fifteen years and such employment continued throughout and following the lawsuit; (2) the judge (allegedly) "concealed" the son's employment relationship with HP; (3) HP's own employee raised a concern about the relationship; (4) articles appeared in various newspapers questioning the judge's impartiality in view of the relationship; (5) HP only recently disclosed the employment relationship to B&L; (6) the litigation is of "enormous" significance to HP; (7) HP "thwarted" B&L's attempts to learn the details of the employment relationship; and (8) HP (allegedly) filed suit specifically because it was likely the parent of an employee would preside.

As an initial matter, B&L's asserted "facts" pertaining to how HP handled the litigation are not attributable to the judge and, thus, are irrelevant to the merits of disqualification. *See United States* v. *Wolfson*, 558 F.2d 59, 62 (2d Cir. 1977) (party's conduct during litigation only establishes party's feelings toward judge, not the reverse required under section 455); *accord Sheet Metal Workers Int'l Ass'n Local Union No. 162* v. *B.J. Heating & Air Conditioning*, 695 F. Supp. 485, 487 (E.D. Cal. 1987) (contention under section 455(a) that conduct of party in proffering evidence during litigation caused court to lose appearance of impartiality denied as "absurd" and "simply devoid of any merit whatsoever"). Accordingly, the final four items listed above do not further B&L's motion.

We now turn to address whether the four pertinent items above, when considered together with the additional facts of record, render the trial court's non-recusal decision a clear error of judgment. B&L asserts that courts have treated the fact that a judge's offspring is employed by a litigant "virtually as if it were a *per se* basis for disqualification." Our reading of the cases does not support that assertion. *See, e.g., In re Fox West Coast Theatres*, 88 F.2d 212, 226 (9th Cir.) (even if judge's son were employed by bankrupt, that fact would not disqualify judge from hearing bankruptcy proceedings), *cert. denied*, 301 U.S. 710 (1937). *Cf. United States* v. *Equifax, Inc.*, 557 F.2d 456, 463-64 (5th Cir. 1977) (section 455(a) did not require recusal when judge's son was associate of law firm representing defendant), *cert. denied*, 434 U.S. 1035 (1978); *Voltmann* v. *United Fruit Co.*, 147 F.2d 514, 517 (2d Cir. 1945) (no disqualification though judge's son-in-law member of firm representing defendant).

In refusing to require disqualification where the trial judge's son had represented one of the litigants in a separate transaction, the Seventh Circuit Court of Appeals recently stated:

> The risk to the impartiality of the judge is too small, and the risk of manipulation by litigants too large, to treat parent and child as one. A judge who cannot be expected to remain impartial through trivial matters such as this should not be sitting even when his family is unaffected.

In re National Union Fire Ins. Co., 839 F.2d 1226, 1230 (7th Cir. 1988). We do not mean to imply that employment by a litigant of a judge's offspring does not raise a serious question of impartiality. It is merely one factor to consider, however, and does not alone mandate disqualification.

Here, other facts mollify the situation. The HP plant, which employs the son, is not involved with X-Y plotters. He is employed as a Materials Handling Supervisor, a non-management position without a policymaking role, as one of 83,000 HP employees. The record indicates that a judgment adverse to HP in this case will neither affect the son's employment status nor his financial interest (he participates, as all HP employees with six month's continuous employment automatically do, in HP's profit sharing plan) in the company.

Moreover, contrary to B&L's understanding, the trial judge was not required to disclose to B&L that the son was employed by HP. Counsels' approval to preside was unnecessary. Indeed, some authorities indicate that seeking such approval is inappropriate, reasoning:

> [A] federal judge should reach his own determination as to whether he should recuse himself from a particular case, without calling upon counsel to express their views as to the desirability of his remaining in the case. The too frequent practice of advising counsel of a possible conflict, and asking counsel to indicate their approval of a judge's remaining in a particular case is fraught with potential coercive elements which make this practice undesirable.

Resolution L of The Judicial Conference of the United States, *Interest in Litigation* (adopted Oct. 1971). *See also National Union*, 839 F.2d at 1231 ("Judges should refrain from asking for the views of counsel on these questions.") (citing Resolution L).

The fact that an HP employee felt impelled, at an HP meeting, to offer his knowledge that HP employed the judge's son also does not mandate reversal. The standard is what a reasonable person would believe in view of *all* the facts. The record fails to show that the employee knew any facts beyond the existence of an employment relationship. Such a relationship raises the question, but provides no answer. *See In re City of Detroit*, 828 F.2d 1160, 1168 (6th Cir. 1987) (affidavit of five people asserting belief judge's impartiality might reasonably be questioned not "legally sufficient" to require disqualification).

B&L points out that the press questioned the trial judge's non-recusal in this case in several articles. Such articles provide, per B&L, actual evidence that reasonable observers *did* question the court's impartiality. Without anything in the record to establish how those articles came to be written, however, they are not persuasive of B&L's premise. *See, e.g., In re City of Detroit*, 828 F.2d at 1168 ("articles cited by the city do not necessarily mean that the *public* believes [the] Judge . . . is biased") (emphasis added); *In re United States*, 666 F.2d 690, 695 (1st Cir. 1981) ("to the extent that the doubts were created by representations of the press shown to be not grounded in fact, they cannot require disqualification").

Finally, the record indicates that, in a separate case between the same parties recently concluded *before* the present litigation, the trial judge ruled *for B&L*, and *against HP*. Further, the judge has recused from several cases involving other litigants when persuasive reasons required that action.

Accordingly, we affirm the denial of B&L's motion to vacate the judgment.

VII

CONCLUSION

In sum, the district court's orders from which B&L appeals are affirmed in all respects except that portion of its order holding B&L guilty of inequitable conduct before the PTO and its '684 patent consequently unenforceable. We vacate that portion of the court's order and remand for it to reconsider the issue of intent. In view of the remand, the court's order denying HP attorney fees, from which HP appeals, is moot. Accordingly, that order is also vacated.

COSTS

Each party shall bear its own costs.

AFFIRMED-IN-PART, VACATED-IN-PART, AND REMANDED

ERRATUM

August 9, 1989

Appeal No. 88-1590 — Hewlett-Packard Company
-1591

v.

Bausch & Lomb Incorporated

Published Opinion

Dated: August 9, 1989

Please make the following change:

Page 14, Line 19:

replace "*Sevint*" with — *Swint* —.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

January 28, 1991

ERRATA

Appeal No. 88-1590, -1591

Hewlett-Packard Company v. Bausch & Lomb Inc.

Decided: August 9, 1989 Published

Please make the necessary correction:

Page 12, lines 9-10: Delete "The letter to Jobe from Fleming in which Fleming referenced his notebooks negates"—and insert—These notes also negate—.

Page 12, line 11: underscore "nor Fleming"

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

No. C 84-20642 RPA

HEWLETT-PACKARD COMPANY,

Plaintiff,

vs.

BAUSCH & LOMB, INC.,

Defendant.

FILED

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WILLIAM L. WHITTAKER
CLERK
U.S. DISTRICT COURT
NO. DIST. OF CA, S.J.

AMENDED ORDER RE AFFIRMATIVE DEFENSE OF INEQUITABLE CONDUCT

I. INTRODUCTION

This action went to trial to April 5, 1988. The case involves a suit by plaintiff Hewlett-Packard Company ("HP") for a judicial declaration that it has not infringed defendant Bausch & Lomb, Inc.'s ("B&L") United States Reissue Patent No. 31,684 (the "Yeiser reissue patent"). B&L has counterclaimed for infringement. In support of its position, HP has raised the affirmative defense of inequitable conduct. Specifically, HP contends that B&L committed inequitable conduct before the patent office in

procuring the Yeiser reissue patent. This alleged inequitable conduct primarily consisted of the submission of two declarations and two affidavits in support of the reissue application which B&L knew (or absent grossly negligent conduct, should have known) contained blatantly false information.

Shortly before trial, HP filed a motion for summary judgment arguing that because the two affidavits submitted by B&L in obtaining the Yeiser reissue patent were false and were essential to the patent examiner's ruling, the reissue patent is invalid. The motion was granted from the bench on March 18, 1988. The Court ruled that Yeiser reissue patent claims 10-12 were invalid due to the falsity of the affidavits, but the Court refused at that point to nullify claims 1-9 of the reissue patent which were carried over substantially unchanged from the original and untainted patent application. On that same day, the Court *sua sponte* asked the parties to brief the issue of whether and under what circumstances a district court could nullify all the claims of a reissue patent in light of egregious misrepresentations contained in materials supporting an application for a reissue patent.

After a two week briefing schedule, on April 1, 1988, the Court heard oral argument on the motion for summary judgment as against claims 1-9 of the reissue patent. At the conclusion of the argument, the Court denied the motion for summary judgment finding that there remained a triable issue of material fact. Specifically, there remained a factual question whether B&L intentionally deceived the United States Patent and Trademark Office ("PTO") or was grossly negligent in seeking and gaining the Yeiser reissue patent.

Subsequently, on the morning of the opening day of trial, April 5, 1988, the Court issued a brief order stating its rulings on the various motions raised by the parties and setting forth the schedule for trial. In the order, the

Court stated that a fuller explanation of the bases of its rulings would issue at the conclusion of the trial of HP's affirmative defense of inequitable conduct by B&L in obtaining the Yeiser reissue patent. In the sections that follow, the Court will set forth its findings and analysis in connection with its prior rulings; will describe the legal issues presented by HP's affirmative defense of inequitable conduct vis-a-vis the reissue application; and will make findings of fact and state conclusions of law with respect to the merits of HP's assertion of inequitable conduct against B&L. As explained below, the Court will declare unenforceable all remaining claims of the Yeiser reissue patent because of B&L's inequitable conduct before the PTO.

II. HP'S MOTION FOR SUMMARY JUDGMENT BASED ON B&L'S FAILURE TO COMPLY WITH THE "REISSUE OATH OR DECLARATION" REQUIREMENT.

(A) Preface:

In this motion, HP seeks a judicial declaration that the Yeiser reissue patent is invalid.[1] The alleged basis for invalidity is that B&L made factually incorrect representations to the patent examiner when seeking a reissue of its original patent. Because the representations were incorrect, as proved by later evidence which was submitted to the Court in connection with this motion, HP contends that the representations should be ignored. Absent the representations, B&L cannot be said to have complied with the regulations regarding reissue applications because B&L did not present evidence to the patent examiner explaining why and how the original patent application was flawed. Without such evidence, the patent examiner could not have authorized the reissue application and, therefore, the Yeiser reissue patent is invalid as a matter of law.

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[1] For a discussion of the semantic distinction between "unenforceability" and "invalidity," *see J.P. Stevens & Co., Inc. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553, 1560-61 (Fed. Cir. 1984).

B&L's defense to this motion is two-fold. First, B&L argues that as a matter of law the nine claims of the original patent which are identical to and not affected by the reissue application should not be nullified.[2] Second, B&L contends that there are material issues of fact regarding the alleged misrepresentations as they affect the three claims added by the reissue patent application.

(B) An Overview of the Reissue Process:

Reissue is one of four ways that a defective patent may be remedied. The other three ways are (1) by the issuance of a certificate of correction, (2) by disclaimer, and (3) by reexamination. *See Manual of Patent Examining Procedure* (5th ed. 1983) at 1400-1. The most common grounds for seeking to reissue a patent are (1) claims are too narrow or too broad; (2) the disclosure contains inaccuracies; (3) applicant failed to or incorrectly claimed foreign priority; and (4) applicant failed to make reference to or incorrectly made reference to prior co-pending applications. *Id.*

The framework and procedure for the reissue of patents such as the Yeiser reissue patent in this case is governed by statute. The key patent reissue statute is 35 U.S.C. § 251 which provides in relevant part:

> Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in

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[2] During reissue, the patent examiner required B&L to correct a typographical error in claim 3. This alteration did not affect the substantive identity between the original claim 3 and reissue claim 3. *Slimfold Mfg. Co. v. Kinkead Industries*, 810 F.2d 1113, 1115 (Fed. Cir. 1987). All other claims remained identical in both applications.

> the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

The concept employed in the reissue statute is that the inventor takes his patent to the patent examiner for a second look to clarify and amend any deficiencies. *See In Re Weiler*, 790 F.2d 1576, 1579 (Fed. Cir. 1986) ("Congress provided a statutory basis for correction of "error" "). A clear explanation of this process is provided in the following passage from *Bally Mfg. Corp. v. Diamond*, 629 F.2d 955, 957 (4th Cir. 1980):

> The reissue process traditionally has provided a mechanism whereby an inventor who, through error and without any deceptive intention, has been granted a defective patent, may obtain a valid patent conforming to the true scope of his invention. Ordinarily, the patentee submits his previously issued patent, 37 CFR § 1.178, and files an affidavit stating the reason he believes it to be wholly or partly invalid, 37 CFR § 1.175. He also is required to file a reissue application containing the entire specification and claims of the original patent, with proposed deletions bracketed and proposed additions underlined, 37 CFR § 1.173. A patent examiner reexamines all claims included in the reissue application as if they were presented in an original application, 37 CFR § 1.176. If he finds the previously issued patent "wholly or partly inoperative or invalid", 35 USC § 251, the examiner determines whether the applicant is entitled to a patent under the reissue claims. If a reissue is refused, whether because the previously issued patent is entirely valid or because the reissue claims do not describe a patentable invention, the original patent

> will be returned to the applicant upon his request, 37 CFR § 1.178. Reissue patents are entitled to the same presumption of validity as original patents. [citations omitted]

See also 4 Lipscomb's *Walker on Patents* (3d ed. 1985) § 14.1.

The actual procedure used in reissuing patents is contained in the Code of Federal Regulations. See 35 C.F.R. §§ 1.171-1.179 (July 1987). The current regulations are slightly different than those in effect at the time that B&L made its reissue application. As suggested above in the case of *Bally Mfg. Corp*, 629 F.2d 955 (4th Cir. 1980), in seeking a reissue patent the inventor is basically initiating anew the patent process, starting with his original patent, indicating its errors, and applying to make specific corrections. One aspect of the reissue process that is unique, however, is the inclusion of a reissue oath or declaration by the applicant stating specific details regarding the grounds for seeking a reissue. At the time of B&L's application, the regulations regarding the oath or declaration read as follows:

> § 1.175 Reissue oath or declaration.
>
> (a) Applicants for reissue, in addition to complying with the requirements of the first sentence of § 1.65, must also file with their applications a statement under oath or declaration as follows:
> (1) When the applicant verily believes the original patent to be wholly or partly inoperative or invalid, stating such belief and the reasons why.
> (2) When it is claimed that such patent is so inoperative or invalid "by reason of a defective specification or drawing," particularly specifying such defects.
> (3) When it is claimed that such patent is inoperative or invalid "by reason of the patentee claiming more or less than he had the right to claim in the patent,"

distinctly specifying the excess or insufficiency in the claims.
(4) [Reserved]
(5) Particularly specifying the errors relied upon, and how they arose or occurred.
(6) Stating that said errors arose "without any deceptive intention" on the part of the applicant.
(7) Acknowledging a duty to disclose information applicant is aware of which is material to the examination of the application.

(b) Corroborating affidavits or declarations of others may be filed and the examiner may, in any case, require additional information or affidavits or declarations concerning the application for reissue and its object.[3]

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[3] An exegesis of the oath requirement is contained in the *Manual of Patent Examining Procedure* (the "MPEP") which is published by the United States Patent and Trademark Office and serves as *the* authoritative reference for patent examiners and others working in the field. The relevant text of the MPEP as it existed at the time B&L pursued their reissue application stated:

> 1414.03 Requirements of § 1.175(a)(5)
>
> All reissue oaths or declarations must comply with subsection 1.175(a)(5) . . . by "particularly specifying the errors . . . relied upon, and how they arose or occurred." Subsection 1.175(1)(5) has two specific requirements, both of which must be complied within, or by, the reissue oath or declaration. This subsection requires applicant to particularly specify (1) "the errors . . . relied upon" and (2) "how they arose or occurred."
>
> • • •
>
> It is particularly important that the reissue oath or declaration specify in detail how the errors . . . arose or occurred. "How" includes when and under what circumstances the errors . . . arose or occurred. This means that the reissue oath or declaration must specify the manner in which ". . . errors" "arose or occurred." . . . If the reissue oath or

(C) The Legal Authority to Invalidate a Reissue Patent For Failure to Comply With Regulatory Standards:

HP's argument in this motion is that Yeiser reissue patent is invalid because it was based on factual misstatements or misrepresentations made in the statements provided in satisfaction of 37 C.F.R. § 1.175. The critical statements provided to the patent examine in support of the reissue application were two affidavits of the original patent agent, Lawrence Fleming.[4] The patent examiner relied on these affidavits to reissue the patent. However, HP now contends that discovery has disclosed that all material statements made in the Fleming affidavits were erroneous.

Absent these factual misstatements, B&L had nothing of substance to report to the patent examiner. Without evidence explaining how the asserted error arose or occurred, B&L failed to satisfy the reissue oath regulations. HP succinctly stated this logic in one section of its moving brief:

> declaration does not particularly specify "how," i.e., the manner in which . . . errors arose or occurred, the Office will be unable to adequately evaluate reissue applicant's statement in compliance with § 1.175(a)(6) that the "errors . . . arose 'without any deceptive intention' on the part of the applicant"[.]

[4] John Yeiser was the inventor of the "X-Y Plotter" described in the U.S. Patent No. 3,761,950 (the '950 patent). At the time he conceived of the subject matter of the '950 patent, Yeiser was a principal in a business which made and sold strip chart recorders and X-Y recorders. Yeiser filed his application for a patent in August 1970. During the pendency of the patent application, Yeiser's business relationship changed and the patent was issued to the Milton Roy Company of St. Petersburg, Florida, on September 25, 1973. In May 1982, B&L bought the '950 patent from the Milton Roy Company for $30,000. On November 15, 1982, B&L filed an application with the PTO for a reissue of the '950 patent. After a protracted proceeding that it more fully discussed below, the Yeiser reissue patent was granted on September 25, 1984.

> To decide the present motion, this Court need investigate *only* the limited issue of whether the Fleming affidavits misstated material facts as to how the error arose or occurred. An affirmative finding on that issue means that there were *no facts* in the PTO record in support of the defective reissue Declaration upon which the examiner could have made the mandated determination that the Yeiser reissue application was proper. Consequently, under the applicable rule of law, the PTO was without authority to grant the reissue, and the Yeiser reissue patent is void.

HP Moving Brief at 4 (emphasis in original).

B&L counters this argument with several contentions of its own. First, B&L asserts that there is no precedential support for judicial nullification of a reissue patent for lack of satisfaction of the oath/declaration requirement. This assertion is wrong, as demonstrated by the cases cited by HP. In *Application of Wittry*, 489 F.2d 1299, 1303 (C.C.P.A. 1974), the predecessor of the Federal Circuit affirmed the denial of a reissue patent on the ground of "insufficiency of the reissue declarations." HP also cites five other cases in support of the proposition that a court may declare a reissue patent void for failure to comply with the requirements attendant to the reissue statute or regulations. *Union Switch & Signal Co. v. Louisville Frog, Switch & Signal Co.*, 73 F.2d 550 (6th Cir. 1934); *Firestone Tire & Rubber Co. v. United States Rubber Co.*, 79 F.2d 948 (6th Cir. 1935), *cert. denied*, 298 U.S. 679 (1936); *General Radio Co. v. Allen B. DuMont Laboratories, Inc.*, 129 F.2d 608 (3d Cir. 1942), *cert. denied*, 317 U.S. 654 (1942); *Dill Mfg. Co. V. J.W. Speaker Corp.*, 83 F.Supp. 21 (E.D. Wis. 1949), *aff'd.*, 179 F.2d 279 (7th Cir.), *cert. denied*, 340 U.S. 818 (1950). These cases are not particularly recent, but they do support HP's position.

Aside from the litany of cases discussing the particular problem, it makes sense that a court should be able to

invalidate a reissue patent if it was improvidently granted. This is certainly true when an original patent is found to be procured as a result of fraud or inequitable conduct, or when the patent was issued despite a failure to satisfy the statutory requirements, such as non-obviousness. *See, e.g., Graham v. John Deere Co.*, 383 U.S. 1 (1966); *State Industries, Inc. v. Rheem Mfg. Co.*, 769 F.2d 762, 764 (Fed. Cir. 1985). The same must be true with respect to reissue patents. Inequitable conduct implicating a material aspect of a reissue application is grounds for nullification of a patent. *See, e.g., Keystone Driller Co. v. General Excavator Co.*, 290 U.S. 240 (1933); *State Industries, Inc. v. Rheem Mfg. Co.*, 769 F.2d 762, 764 (Fed. Cir. 1985).

Similarly, if the standards of the statute or implementing regulations are not met, "section 251 stands as a statutory bar to reissuance of claims, just as sections 102 and 103 might stand as a bar to the issuance of claims." *Digital Equipment Corp. v. Diamond*, 653 F.2d 701, 710 (1st Cir. 1981). On review, a district court must have the authority to enforce the statutory bar of § 251 in the same degree as it enforces the bars to patent validity articulated in § 102 (dealing with novelty and loss of right to patent) and § 103 (dealing with non-obviousness of subject matter). Thus, this Court has the authority to review a reissue patent for purposes of determining its validity in light of alleged deficiencies or improprieties in its procurement.

The next question is the character of the district court's review of the validity of the reissue patent. As quoted earlier, HP's argument is that once the Court finds that Mr. Fleming's affidavits are factually erroneous, and concludes that there was no basis in the record before the patent examiner for granting the reissue application, the Yeiser reissue patent should be declared invalid. B&L offers a clever rejoinder. B&L contends that the very cases cited by HP establish that the district court must determine on the merits whether there was a reissuable error. In other words, even if the reissue application itself was

deficient, are there facts going to show that there was an error that formed a legitimate basis for reissue application?

In support of its assertion, B&L relies on a passage from the Third Circuit's opinion in *General Radio Co.*:

> Whether the error relied upon in support of an application for reissue was due to inadvertence, accident or mistake is of course a question of fact for determination by the commissioner. [footnote omitted] By granting the reissue patent the commissioner must be deemed to have found the fact in favor of the applicant. However, where there is an entire absence of evidence, it is the duty of the court to review and correct the error.

129 F.2d at 612, *citing Union Switch*, 73 F.2d 550 (6th Cir. 1934).

Upon first glance, this quotation seems to support B&L's position that even if the Fleming affidavits are eliminated as erroneous or false, the Court still must make an independent determination now of whether there were grounds for a reissue error under 35 U.S.C. § 251.[5] However, B&L is incorrect for reasons that it itself has pointed out. B&L has argued that all of the cases cited by HP, including *General Radio*, involve "reissue oaths or declarations [that] *literally* were bald assertions of reissuable "error." " *B&L Opposition Brief* at 16. (emphasis in original). In contrast, the patent examiner in this case did not have "an entire absence of evidence" to determine whether a reissue error existed—he had the affidavits of Mr. Fleming which were not devoid of specifics. Indeed, B&L vociferously argues this point late in its brief. *See Opposition Brief* at 28 (section entitled "The Fleming Affidavits Would

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[5] B&L contends: "Only after the court sustains the defense on the merits can it be said that, had the same facts been presented to the Commissioner, no authority would have existed for [re]issuing the patent." *B&L Opposition Brief* at 18.

Have Been Adequate With Far Less Detail"). Thus, unlike the oath in *General Radio*, the affidavits in this case did contain some specifics and the above language in *General Radio* is not applicable to this case.

In addition, the court in *General Radio* was reviewing a reissue patent that had been granted despite "an entire absence of evidence." 129 F.2d at 612. Yet by granting the reissue, "the commissioner must be deemed to have the facts in favor of the applicant." *Id.* In such circumstances, the court stated that it had the duty of attempting to ascertain what those facts were that presumably supported the applicant and formed the basis of the reissue approval. In essence, this is an expression of deference to the Commissioner of Patents and Trademarks, *i.e.*, the court will not strike down a reissue patent until it has scrutinized the evidentiary basis for the patent examiner's decision.

In this case, there is no mystery about the nature of the evidence that formed the basis of the patent examiner's decision. It is clear that Mr. Fleming's affidavits were crucial evidence upon which the patent examiner relied in making his determination. In reviewing the reissue patent, a court need only consider the evidence that was before the patent examiner. In this case, that evidence consists primarily of Fleming's affidavits. Hence, B&L's reliance on *General Radio* is misplaced, for the decision squarely supports HP's position.

Aside from its case-law argument, B&L offers one other point of resistance to HP's logic. B&L contends the cases cited by HP are distinguishable from and their logic inapplicable to this case because none of the cases involve a situation wherein the reissue oaths or declarations appeared adequate on their face. Although not spelled out clearly, B&L appears to argue that once a *prima facie* case of a valid oath is established, then the patent examiner had the authority to grant the reissue application.

According to B&L, in litigation contesting the validity of the reissue patent, the challenger has the burden of showing that on the true state of facts, a reissuable error did not exist. Thus, HP would have the burden here of establishing that as a matter of fact there were no grounds for the patent examiner's conclusion to grant the reissue patent.

Despite its sophistication, there are two major problems with B&L's argument. First, there is no case law or clear statutory law supporting this position. This silence speaks for itself. Second, B&L has confused the allocation of the burden of proof relative to the issue of invalidity.

As the regulations make clear and as expressed in the cases, the applicant "who wishes to obtain the benefits of the reissue statute must make a specific showing of the circumstances" that led to the error. *General Radio*, 129 F.2d at 612; *see also* 35 C.F.R. § 1.171 ("An application for reissue must . . . comply with the requirements of the rules relating to the reissue applications.") The burden in the first instance is on the applicant properly to obtain a reissue patent, the same as it is was on the applicant in originally procuring a patent. Once a patent is issued, the burden is on the challenger to establish invalidity by "clear and convincing evidence." *Fromson v. Advance Offset Plate, Inc.*, 755 F.2d 1549, 1555 (Fed. Cir. 1985); 35 U.S.C § 282. The same standard applies with respect to reissue patents except the standard for showing invalidity is heightened by the quantum of weight given to a second examination and approval by the PTO. *See Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 1139 (Fed. Cir. 1985).

In a reissue case as in any patent case, it is not necessary for the party seeking to prove invalidity to revisit the entire patent application process and show that there is no way on earth that a patent could have issued. Rather, it is enough to show that with respect to the specific patent, or reissue patent, any one statutory requirement

has not been satisfied. In the case of a patent, for example, invalidity naturally flows from a showing that the patented invention was obvious, or was previously disclosed. To make this determination, the district court would examine all the information presented to the patent examiner plus any additional information that has come to light on the subject of obviousness. There is no need to unearth and examine all the other potential grounds for invalidity.

Similarly, in this case, to demonstrate invalidity it is enough for HP to show, by clear and convincing evidence, that B&L failed to satisfy the legal oath or declaration requirement. The Court can make the determination whether HP is correct by reviewing the evidence presented to the patent examiner. B&L has the burden of establishing grounds upon which an error could be found as the cause of its failure to frame properly its original patent application. *See In Re Weiler*, 790 F.2d 1576, 1582-83 (Fed. Cir. 1986).[6]

To sum up, B&L has the burden of showing reissuable error. In view of the patent examiner's finding of reissuable error, the burden is on HP to show that the patent examiner was wrong. However, that is not the end of the process. B&L is correct that normally it is not enough to simply look at the affidavits, find them lacking, and declare the reissue patent invalid. B&L must be given an opportunity to prove reissuable error by other evidence presented to the PTO during the original application. This is

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[6] The Federal Circuit in *In Re Weiler* also noted that the applicant's "reliance on allegations of the inventor's ignorance of drafting and claiming technique and counsel's ignorance of the invention is unavailing. Those allegations could be frequently made, and, if accepted as establishing error, would require the grant of reissues on anything and everything mentioned in a disclosure. [Applicant] supplies no facts indicating how the ignorance relied on caused any error as the basis of his failure to claim the subject matter" in dispute. On this basis, the court affirmed the denial of the reissue application as to the claims in question. *In Re Weiler*, 790 F.2d at 1583 n.4.

little solace to B&L because no other evidence was presented to the patent examiner showing reissuable error.

(D) Was B&L's Reissue Application Obtained Improperly?

The Yeiser reissue application process is discussed in more elaborate detail below in connection with the topic of inequitable conduct. For purposes of HP's motion, only one issue is relevant: were the oaths or affidavits submitted by B&L to the PTO in support of the reissue application insufficient or false?

In support of its reissue application, on November 15, 1982, B&L submitted the declaration of its Vice President, George More. The More declaration stated that the defect in the original patent application was a failure to include claims dependent on claim 1. The alleged basis for the error was simply "oversight" by Mr. Yeiser or his attorney. More provided no other explanation for the omission.

Quite properly, the patent examiner rejected the More declaration as insufficient because it failed "to specify the errors relied upon" or to "specify how the error arose or occurred." Exh. 44, PX 19, Tab 7. In particular, the patent examiner stated:

> The declaration is . . . insufficient because it does not specify how the error arose or occurred. The statement that the alleged errors occurred or arose because of oversight on the part of the inventor or his attorney does not specify in detail how and why such an oversight occurred. A declaration from the original attorney may be in order.

Thus, the patent examiner clearly and properly stated that the declaration of Mr. More submitted to satisfy the oath requirement was insufficient under 37 C.F.R. § 1.175(a)(5).

In response to patent examiner's rejection, on September 14, 1983, B&L submitted the affidavit of Lawrence

Fleming, the patent agent responsible for procuring the original patent. Relevant portions of the first Fleming affidavit follow:

> 3. During the preparation and prosecution of [the original] Patent Application . . ., *his* [*Fleming's*] *contacts and ability to communicate with the inventor, Mr. Yeiser, were significantly limited by Mr. Yeiser's activities* . . . His *contacts with Mr. Yeiser* during the prosecution of the application *were at best infrequent.*
>
> 4. The *only guidance* given the undersigned by Mr. Yeiser during the preparation and prosecution of [the original Yeiser application] was a memorandum dated July 7, 1970. . . . [*T*]*he memorandum is silent as to what scope and breadth of claims should or could be obtained.*
>
> 5. His only contact with L.D.C. Inc. [the assignee of the application and Yeiser's employer], was Mr. R. J. Tarantino, its President, . . . but . . . *Mr. Tarantino* [*did not provide*] *any substantive help or guidance* to him during the prosecution of the patent application . . .
>
> 6. The aforesaid business and personal activities of the inventor, Mr. Yeiser, and his assignee worked, inadvertently, to substantially cut off intercommunication with the undersigned. Had further communications and guidance been received, it is his belief that claims which further define and distinguish the invention from the prior art could have been drafted and allowed. [emphasis added]

After consideration of B&L's second submission, the patent examiner again properly rejected B&L's application. Again, the patent examiner found that B&L had not spec-

ified "a reissuable error." Exh. 44, PX 19, Tab 17. For purposes of this motion, the crucial finding, however, was that:

> The reissue oath or declaration filed with this application is objected to because it fails to particularly specify how the errors relied upon arose or occurred, as required by 37 CFR § 1.175(a)(5). The declaration states the errors occurred because of oversight on the part of the inventor or his attorney in connection with the preparation and prosecution of the application. The declaration is considered deficient *because* it does not particularly specify *how the errors arose. How and when* did the errors arise? For example, *who determined the scope of the original claims to be submitted with the patent application? Who determined the final scope of the patent claims? When* were these determinations performed? The declaration is *also* considered *deficient* as to *how and when* the errors were discovered. For example, *by whom and when* was it determined that an error had occurred. (emphasis added)

It is clear that the patent examiner had a valid and proper basis for rejecting the first Fleming affidavit. Under 37 C.F.R. § 1.175(a)(5), Fleming had not explained how the error arose. Absent a specific explanation, the affidavit was insufficient as a matter of law.[7]

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[7] It is worth noting that despite its deficiencies, the first Fleming affidavit was not a total loss. The patent examiner did rely upon and accept a portion of Fleming's statement:

> The Fleming Affidavit states that the contacts and ability to communicate with the inventor by the agent who prepared the application were significantly limited. *It is acceptable on this point.* It is *not acceptable* however as to *how and by whom the scope of the subject matter claimed was determined and why.*

On November 22, 1983, one of B&L's attorneys, Howard Robbins, interviewed the patent examiner to clarify the basis for the rejection of the first Fleming affidavit. Subsequently, on March 27, 1984, B&L submitted the second ("supplemental") affidavit of Lawrence Fleming. The relevant text of the affidavit stated:

> 4. The inventor, Mr. Yeiser, had made one crude model of the invention and this model was made available for him to review, on only one occasion for about two hours, to effect disclosure of the invention.
>
> 5. The *scope of the claims* for U.S. Patent No. 3,761,950 *was determined solely by him, based upon this brief disclosure and his knowledge and experience as an engineer and patent practitioner.* In making this determination concerning the scope of the claims *no discussions were had with Mr. Yeiser as a result of the events explained in his Affidavit of September 14, 1983.*[8]
>
> 6. He was well acquainted with Mr. Yeiser at the time the application for U.S. Patent No. 3,761,950 was written and prosecuted, having previously drafted and prosecuted several patent applications for inventions by Mr. Yeiser. Based upon this close acquaintanceship, he believes *Mr. Yeiser was not cognizant of the significance of several aspects of the invention* embodied in U.S. Patent No. 3,761,950, because only one crude model existed from which all aspects of the invention could not be appreciated, and because Mr. Yeiser, having just sold his business, no longer had a commercial interest in plotters and

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[8] The "events" referred to were "Yeiser's activities" which caused Fleming's "contacts" during the critical period to be "at best infrequent." PX 19, Tab 4.

> . . . *was left to and did himself determine* what scope and breath[sic] of claims should and could be obtained. (emphasis added)

Finally, on April 17, 1984, in response to B&L's final submission, the patent examiner withdrew his prior objections to the application for reissue of the '950 patent. The patent examiner stated that the "original Declaration has been reconsidered together with the Supplemental Fleming Affidavit. They are [now] considered sufficient Declaration under 37 CFR [§] 1.175." Exh. 44, PX 19, Tab 26. Thus, it was the second Fleming affidavit which overcame the patent examiner's objections and was found to satisfy the oath requirement of the regulations. The question raised here is whether that affidavit was accurate.

(E) The Truth Regarding Fleming's Contacts With Yeiser and the Other Points in Support of Reissuable Error Raised in the Fleming Affidavits:

HP points out several discrepancies in Fleming's affidavits which essentially void them as a basis for the patent examiner's finding of reissuable error. HP's premise, which is amply supported by the facts, is that these affidavits were *the keys* to the grant of the reissue patent. There is no question that these affidavits secured the reissue patent for B&L. Thus, if HP can refute the Fleming affidavits, in particular the second one, B&L will be left without reissue claims because the patent examiner had no other basis to grant a reissue patent.

The four main points made by HP are that:

> (1) Fleming had numerous contacts with Yeiser during the pendency of the reissue application;
> (2) Yeiser was aware of the importance of the "friction drive" and provided material help and guidance in formulating the scope of the reissue claims;
> (3) LDC executive Tarantino was consulted on numerous occasions during the pendency of the application; and

(4) Yeiser spent a significant amount of time during the critical period in personally developing the commercial version of his device.

HP has obtained Fleming's notebooks kept during the time period in question.[9] Although ostensibly undecipherable to this Court's eye, the parties agree that these records show that Fleming and Yeiser met in person, spoke on the phone, or exchanged correspondence sixty seven (67) times during the period of preparation and prosecution of the original patent application. B&L does not deny these contacts. This revelation destroys Fleming's claim in his affidavit that he and Yeiser, the inventor, had limited contacts during the creation of the patent application.

In addition, there are several pieces of evidence showing that Yeiser and Fleming had discussions about the patent application beyond the July 7, 1970 memorandum which the Fleming affidavit reported to be the "only guidance" given by Yeiser. Fleming and Yeiser spoke on the phone (PX 368, Fleming deposition at 356-57), Yeiser read the patent application in Fleming's presence (PX 368, Fleming deposition at 453), and the two men discussed prior art as well as claim strategies prior to prosecution of the

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[9] Mr. Fleming's notebooks have been the subject of considerable interest in this litigation. Fleming kept time notebooks from 1970 to 1973 detailing daily activities in his patent practice. After Fleming ceased his record keeping, he took the notebooks home and placed them on a bookshelf. Years passed and other books accumulated on the bookshelves pressing the time notebooks to obscurity in the rear of the shelves. Some time later, according to B&L sometime after the completion of the reissue application process, Fleming discovered the notebooks. The tomes contradict crucial parts of Fleming's affidavits.

[10] As discussed below, it now appears that Fleming had discovered the notebooks and consulted them prior to the issuance of the reissue patent. This fact came to light during cross examination of Fleming at trial. Fleming could not explain the discrepancy between his recollection of the date of discovery of the notebooks and his own handwritten notes in September 1984 indicating reference to the notebooks.

original patent (PX 368, Fleming deposition at 244). All these contacts contradict and destroy the validity of Fleming's statement regarding his contacts with Yeiser and his wholly unaided hand in fashioning the scope of the claims.

Also, in contradiction of both of his affidavits but especially the first, Fleming had substantial contacts with R.J. Tarantino, the President of LDC, during the relevant time period. Once again, LDC employed Yeiser and was the assignee of the application. Fleming's notebooks show fifty three (53) contacts between himself and Tarantino in the relevant time period. Thus, rather than having his communications with Tarantino and Yeiser "cut off" as he suggests in his first affidavit, Fleming had substantial and consistent contacts with both individuals. In short, Fleming's first affidavit is not only technically deficient, but substantively inaccurate.

Fleming's second and decisive affidavit is no more accurate than the first submission to the PTO. For example, Fleming stated that Yeiser had only a crude model upon which to analyze his patent and therefore made unintentional errors in preparing his original patent application. However, deposition testimony establishes that the Yeiser plotter which was the subject of the patent was delivered to potential customers for testing some three months before the patent application was filed (PX 374, McKaughan deposition at 12, 14, 22). An operative prototype of the plotter was exhibited at a trade show the month of the filing of the patent application (PX 383, West deposition 125-26). The patent file history itself contains reference to existing commercial models.

The fact that not only a model, but an actual working device was available, in addition to the contacts between Fleming, Yeiser, and Tarantino, belies the second affidavit's assertion that Fleming himself determined the scope of the claims. In his deposition, Fleming stated that most laymen are not interested and are not able to read patent

claims. However, it is Fleming's practice to ask inventors what they consider significant about their invention—a lay person's approach to the issue of what should be included in the claims. Fleming stated:

> I did ask Yeiser, as I always asked inventors, which features and elements they consider the more significant and which the less significant and which one they feel should be covered in the claims, and to indicate some sort of a priority list or list of relative importance or significance, *which he did.* (emphasis added)

See PX 368, *Deposition of Lawrence Fleming* at 634.

This admission, in conjunction with other deposition testimony and other facts highlighted by HP, makes it clear that Fleming's second affidavit was flatly wrong in stating that Yeiser had no role in formulating the patent application. Yeiser was aware that "[o]ne of the main advantages of this type of X-Y is that the friction drive permits the use of easily available unperforated graph paper in a moving chart X-Y." PX 19, Tab 14, *July 7, 1970 Memorandum from Jack Yeiser to Larry Fleming.* Furthermore, Yeiser aggressively played a role in developing the plotter for commercial use, *see* PX 383 *Deposition of John L. West,*[10] and had repeated contact with Fleming during the

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[10] HP does not specify the position of John West. Apparently, he worked for LDC at the same time as Jack Yeiser. One key portion of the West deposition testimony is as follows:

Q. Were any changes in the drive system made to these plotters after Jack Yeiser's death?

A. After Jack Yeiser left Florida and went back to California, I'm not aware of any specific change that took place in the recorder, in the XY recorder.

Q. So to the best of your knowledge, those XY plotters that LDC offered commercially for sale, it was Jack Yeiser that had the main

preparation and prosecution of the original patent application. Consequently, it is clear that Fleming's second affidavit, like his first, is riddled with errors and misstatements, providing no basis to support a showing of reissuable error.

(E) B&L's Counter Argument:

B&L raises ten different arguments in support of the position that there remain triable issues of material fact regarding the validity and accuracy of the Fleming affidavits. None of the arguments is convincing enough to warrant discussion. B&L is groping for straws suggesting that Fleming misunderstood the situation or that despite the numerous contacts and other evidence, Yeiser really had nothing or virtually nothing to do with the original patent application. No reasonable jury could find in B&L's favor on these arguments. *See Anderson v. Liberty Lobby*, 477 U.S. 242, 255 (1986). Consequently, the Court rejects them all.

Finally, B&L argues that the Fleming affidavits were sufficient to show reissuable error even without the erroneous information. This is a throw-away argument, because it is clear that the patent examiner found at least the first affidavit itself inadequate for the task of showing error. The second affidavit merely bolstered the same arguments for reissuable error that were present in the first affidavit. All of these bases were erroneous as explained above. To wit, contrary to paragraph 4 of the second af-

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input as to the design of that plotter?

A. Yes.

Q. And any other engineering changes that would have been made to those machines would have gotten a final approval from Jack Yeiser?

A. Yes.

Q. Because he was director of engineering?

A. Yes.

fidavit, Yeiser had more than a crude model, on one occasion, for two hours, to effect disclosure of the invention. Contrary to paragraph 5, Fleming did not alone determine the scope of claims of the patent based upon the "brief disclosure" of two hours referenced in paragraph 4. Moreover, Fleming has since admitted that he had discussions with Yeiser in flat contradiction to his statement in paragraph 5. Finally, the last paragraph of the second Fleming affidavit, paragraph 6, merely repeats the false information described earlier and adds the erroneous statement that Yeiser "no longer had a commercial interest in plotters and was not focussing on such matters." In fact, the West deposition testimony establishes that Yeiser was the chief engineer responsible for overseeing the commercial development of the plotter, that Yeiser had an active hand in developing the plotter for commercial purposes, and that no development of the product took place after Yeiser left Florida in 1974.

(G) Summary of the Factual Issues Re HP's Summary Judgment Motion:

HP has established clearly that the Fleming affidavits which were the basis for the grant of the reissue patent are replete with false or erroneous statements. B&L has raised no triable issue of fact which contradicts HP's showing. Further, B&L has not and can not point to any evidence supporting its position that the reissue application was properly granted because of reissuable error in the original patent application. Accordingly, the Court grants HP's motion for summary judgment and declares the Yeiser reissue patent invalid.

III. THE EFFECT OF GRANTING SUMMARY JUDGMENT DECLARING THE YEISER REISSUE PATENT INVALID.

Having concluded that the reissue patent must be declared invalid, there remains the question of the effect of such a ruling. The reissue patent contains 12 claims, but

claims 1-9 are identical to the claims in the original patent. Only claims 10-12 were added through the reissue process. HP is charged with infringing five claims: claims 1, 2, and 10-12. HP contends that once the reissue patent is invalidated, all claims are extinguished. B&L argues in response that, at worst, only claims 10-12 should be extinguished with the nullification of the reissue patent and claims 1-9 should remain.

When a reissue patent is denied, under the regulations "the original patent will be returned to [the] applicant upon his request." 35 C.F.R. § 1.179. On the other hand, if the reissue patent is granted, the original patent is surrendered. The statute spells out the effect of reissue as follows:

> The surrender of the original patent shall take effect upon the issue of the reissue patent, and every reissued patent shall have the same effect and operation in law . . . as if the same had been originally granted in such amended form . . . to the extent that [the reissue patent's] claims are identical to the original patent, [it] shall constitute a continuation thereof and have effect continuously from the date of the original patent.

35 U.S.C. § 252.

Thus, in this case the original patent has ceased to exist. Although part of the original patent not affected in the reissue process, claims 1-9 only exist as part of the Yeiser reissue patent. If the reissue patent is entirely voided as HP contends, then those claims also will cease to exist. The effect would be particularly draconian for B&L, for its reissue application never questioned the correctness of claims 1-9.

In addressing the status of the "carry-over" original nine claims, the parties offer conflicting legal authority. Arguing that all twelve claims should be nullified, HP of-

fers, *inter alia*, the cases of *Riley v. Broadway-Hale Stores, Inc.*, 114 F.Supp. 884 (S.D. Cal. 1953), *aff'd*, 217 F.2d 530 (9th Cir. 1954), and *General Radio Co. v. Allen B. Dumont Laboratories, Inc.*, 129 F.2d 608 (3d Cir. 1942), *cert. denied*, 317 U.S. 654 (1942). B&L counters seeking the preservation of the original nine claims citing the Supreme Court case of *Gage v. Herring*, 107 U.S. 640 (1883), and the opinion of Judge Learned Hand in *Foxboro Co. v. Taylor Instrument Co.*, 157 F.2d 226 (2d Cir. 1946), *cert. denied*, 329 U.S. 800.

The most interesting aspect of the legal analysis is the apparent conflict or inconsistency among three Supreme Court cases decided at the end of the Nineteenth Century. In *Gage v. Herring*, 107 U.S. 640 (1883), the Supreme Court clearly expressed the view that the invalidity of claims added by reissue does not "impair the validity of the original claim which is repeated and separately stated in the reissued patent." *Id.* at 646. Subsequently, in the case of *Eby v. King*, 158 U.S. 366 (1895), the Supreme Court revisited the issue and, although citing *Gage*, ignored the ruling of *Gage*, treating the question as one of first impression. As phrased in Eby, the issue is the effect of the surrender of the reissue patent and whether a patentee wagers all or nothing with his original claims when he seeks a reissue patent. The Court in *Eby* merely raises the question and then deliberately avoids resolving it by deciding the case on a different ground.

Two years later, in *Allen v. Culp*, 166 U.S. 501 (1897), the Court confirmed that *Eby* had raised but not answered the question "[w]hether, if the reissue be void, the patentee may fall back on his original patent." *Id.* at 505. Stating that the question "has never been decided by this court," *id.*, the Court in *Allen* then offered the suggestion that a patent surrendered after the grant of a reissue "might be inoperative and invalid as against certain persons who pirated the underlying principle of the patent, and avoided infringing the exact language of the claims,

and yet be perfectly valid as against others, who were making machines clearly covered by their language." *Id.* As in *Eby*, the Court in *Allen* ignored the ruling in *Gage*. Indeed, *Gage* is not even cited in the *Allen* opinion.

The analytical question posed by these three cases relates to the proper approach to the carryover claims. *Eby* and *Allen* suggest that in light of invalidated reissue claims, the carryover claims should be examined as part of a surrendered patent. *Gage* suggests that carryover claims should be examined as part of the reissue patent, notwithstanding the invalidity of the reissue claims. The statutes and regulations support the *Gage* analysis.

To begin with, 35 U.S.C. § 252 evinces the intent that the "surrender" of the original patent acts to extinguish that patent and replace it with an amended edition. The reissued patent constitutes a "continuation" of the original and has "effect continuously from the date of the original patent." It would be a redundancy to permit the original patent to continue to exist because it has been completely replaced by the reissue. Furthermore, the timing prescribed in the statute is such that the surrender takes effect only "upon the issue of the reissued patent." In essence, the timing avoids creating an interference because it mandates surrender of the old only upon issuance of the new so that two patents covering the same invention do not exist simultaneously.

The foregoing assessment of § 252 is consistent with the pertinent PTO regulations on reissue procedures. Under the relevant regulations, the denial of a reissue application does not affect the original patent claims. Hence, under 37 C.F.R. § 1.178 if a reissue application is refused, "the original patent will be returned to [the] applicant upon his request." By analogy, when a district court strikes down a reissue patent after the reissue application has been granted, those claims that are carried over from the original patent which were not implicated in the reissue ap-

plication should remain valid despite the surrender and extinction of the original patent.

While analytically it may appear odd to retain claims without a valid patent, the anomaly is merely one of semantics which Congress itself has adopted. In 35 U.S.C. § 253, Congress provides that "[w]henever, without any deceptive intention, a claim of a patent is invalid the remaining claims shall not thereby rendered invalid." A similar provision allows for the maintenance of infringement suits based on such remaining claims.[11] Thus Congress, like the Court in *Gage*, has chosen to assess carryover claims in the context of problematic reissue patents in terms of the effect of the invalidated claims. There is no statutory support for *Eby* and *Allen*'s resurrection of the surrendered patent.

A close examination of the case law confirms this assessment. Although the cases cited above and argued by HP do have some punch, the Court concludes that the proper result here is that the original patent claims should remain valid because the reissue application only added or amended claims 10-12. Beyond the Supreme Court's decision in *Gage v. Herring*, 107 U.S. 640, 646 (1883) ("The invalidity of the new claim in the reissue does not indeed impair the validity of the original claim which is repeated and separately stated in the reissued patent."), the most potent precedent is *Foxboro Co. v. Taylor Instrument Cos.*, 157 F.2d 226 (2d Cir. 1946), *cert. denied*, 329 U.S. 800. One particular passage from Judge Learned Hand's ruling in *Foxboro* is particularly relevant:

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[11] Title 35 U.S.C. § 288 states:

> Whenever, without deceptive intention, a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid. The patentee shall recover no costs unless a disclaimer of the invalid claim has been entered at the Patent and Trademark Office before commencement of the suit.

> All these [claims] were in the original patent in substantially the same form that they appear when reissued; and the same indeed applies to all the first sixteen claims of the reissued patent. As to these we need not consider whether Mason showed adequate excuse for any reissue whatever, because, even though he did not, the surrender of the original patent, resulting from the acceptance of the reissue, did not invalidate any claims which he carried over into the reissue. For a time this was in some doubt [citing *Eby v. King*], but the amendment to [35 U.S.C. § 252] has set the question at rest.

157 F.2d at 228.[12]

Hence, the surrender of the original patent did not invalidate the claims which were carried over by B&L into the reissue patent application. The patent statutes, the regulations, and the more persuasive case law all point to the conclusion that the original patent claims which B&L carried over without substantial amendment or alteration in the reissue application should not be affected by the Court's rejection of the affidavits which were the necessary predicate for approval of the reissue application.[13] Good cause appearing therefor, the Yeiser reissue patent claims 10-12 are declared invalid. The carry-over claims 1-9 from the original patent remain valid.

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[12] *See also* the United States Court of Customs and Patent Appeals' decision in *In re Wittry*, 489 F.2d 1299 (CCPA 1974). Observing that the MPEP states that a finding of insufficiency of the oath offered in support of a reissue application should be a general ground rejection of all claims, the court stated that the "instruction obviously is not applicable to original patent claims where, as here, the insufficiency does not apply to *all the new* claims in the reissue application." (emphasis in original) 489 F.2d at 1303 n.3.

[13] This conclusion also finds support in 4 Lipscomb's *Walker on Patents* (3d ed. 1985) § 14:38. The relevant section is entitled "Reissued Patents May be Valid as to Some Claims While Void As to Others."

IV. TRIAL ON THE ISSUE OF INEQUITABLE CONDUCT.

(A) Introduction:

Originally, the trial in this case was to begin with B&L's presentation of its case for infringement of the Yeiser reissue patent by HP. In view of the Court's ruling that claims 10-12 of the Yeiser reissue patent are invalid, B&L was prepared to proceed in enforcing the remaining nine claims of its reissue patent. However, under 35 U.S.C. § 288, B&L could only enforce those nine claims if the other claims were nullified not because of any "deceptive intention." The evidence presented in HP's motion for summary judgment raised a serious question whether the entire reissue patent was procured with a fraudulent intent or in such a manner as to have constituted inequitable conduct before the PTO. Consequently, the Court changed the order of the presentation of the case, directing HP to initiate the trial with the presentation of its affirmative defense of inequitable conduct.

(B) The Applicable Legal Principles:

The doctrine of inequitable conduct "derived from the doctrine of unclean hands and is purely equitable in nature." *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1212 (Fed Cir. 1987), *citing Precision Instrument Manufacturing Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806 (1945). Although it should not be a "magical incantation to be asserted against every patentee," *FMC Corporation v. Manitowoc Co., Inc.*, 835 F.2d 1411, 1415 (Fed. Cir. 1987), the inequitable conduct defense does play a significant role in preserving the integrity of the patent application process. Due to the predominantly *ex parte* nature of PTO proceedings, patent examiners must be able to rely on patent attorneys' candor and good faith in prosecuting patents. The oath or affidavit requirement of the reissue application process serves to underscore this reliance.

Inequitable conduct is a broader concept than common law fraud, encompassing the "failure to disclosure material information, or submission of false material information, with an intent to mislead." *J.P. Stevens & Co., Inc. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553, 1559 (Fed. Cir. 1984), *cert. denied*, 474 U.S. 822 (1985). In order to prove inequitable conduct, a party must establish by clear and convincing evidence a threshold degree of materiality of the false or undisclosed evidence. *Id.* Although four distinct standards are available to test materiality, the Federal Circuit has expressed a clear preference for PTO Rule 1.56 as the best starting point for analysis. *See id.*; 37 C.F.R. § 1.56 (1987). The test is whether "there is a substantial likelihood that a reasonable examiner would have considered the omitted reference or false information important in deciding whether to allow the application to issue as a patent." *J.P. Stevens*, 747 F.2d at 1559; *see also Gardco Mfg., Inc., v. Herst Lighting Co.*, 820 F.2d 1209, 1214 (Fed. Cir. 1987).

A finding that material information has been withheld or falsely presented to an examiner in itself does not establish inequitable conduct. "To be guilty of inequitable conduct, one must have intended to act inequitably." *FMC Corp.*, 835 F.2d at 1415. Proof of intent may be made by indirect evidence. *J.P. Stevens*, 747 F.2d at 1560; *Hycor Corp. v. The Schlueter Co.*, 740 1529, 1539 (Fed. Cir. 1984). In other words, inequitable intent may be inferred from actions the natural consequence of which would be to mislead or misinform the PTO.

In *J.P. Stevens Co., Inc. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553 (Fed. Cir. 1984), the court provided significant guidance on the principles relating to inequitable conduct. The case involved the yarn treating industry and, in particular, patents useful in producing desirable qualities in yarn. The court found that certain omissions by the applicants were highly material. Moreover, although there was no deliberate scheming, "there was clearly reckless or grossly neg-

ligent activity." *Id.* at 1567. Balancing materiality and intent, the court was "compelled to conclude that "inequitable conduct" occurred." *Id.*

The important analytical point evinced in *J.P. Stevens* is that, when coupled with a high degree of materiality, gross negligence is sufficient to establish inequitable conduct. The court ruled that gross negligence is shown "when the actor, judged as a reasonable person in his position, should have known of the materiality of a withheld reference." *Id.* at 1560 (citations omitted). However, simple negligence, oversight, or an error in judgment made in good faith is not sufficient to show gross negligence. *Id.*; *Orthopedic Equipment Co. v. All Orthopedic Appliances, Inc.*, 707 F.2d 1376, 1383 (Fed. Cir. 1983).

In a case decided after *J.P. Stevens*, the author of the decision, Chief Judge Markey, was at pains to point out that a finding of gross negligence alone does not mandate a finding of inequitable conduct. In *FMC Corp. v. Manitowoc Co., Inc.*, 835 F.2d 1411 (Fed. Cir. 1987), writing for the panel, Chief Judge Markey noted that in *J.P. Stevens* no evidence was adduced to offset gross negligence by showing subjective good faith. 835 F.2d at 1415-16 n.9. The court further observed that district courts must heed the reality that intent is a fact question and that in the face of an assertion of inequitable conduct, an objective gross negligence standard should not be applied harshly. Specifically, a patentee must be afforded an opportunity to testify as to his subjective good faith:

> [A]n applicant who knew or should have known of the art or information, and of its materiality, is not automatically precluded thereby from an effort to convince the fact finder that the failure to disclose was nonetheless not due to an intent to mislead the PTO; i.e., that, in light of all the circumstances of the case, an inference of intent to mislead is not warranted.

835 F.2d at 1416 (footnote omitted).

Taken together, the decisions in *J.P. Stevens*, *FMC Corp.*, and *KangaROOS U.S.A., Inc. v. Caldor, Inc.*, 778 F.2d 1571 (Fed. Cir. 1985),[14] suggest that the proper approach to inequitable conduct entails a balancing of materiality and intent. No single factor or combination of factors is dispositive. Instead, even in the face of objectively damnable gross negligence or recklessness, the patentee must be provided an opportunity to raise a counter defense of subjective good faith. It is then up to the finder of fact to assess credibility in light of the evidence. The Federal Circuit does concede, however, that in a case where materiality is high and gross negligence is apparent, "mere denial of intent to mislead (which would defeat every effort to establish inequitable conduct) will not suffice." *FMC Corp.*, 835 F.2d at 1416.

(C) The Potential Effect of Inequitable Conduct on the Carryover Nine Claims of the Yeiser Reissue Patent:

B&L properly concedes that the allegation that it committed inequitable conduct before the PTO raises a direct challenge to the original nine claims of the Yeiser patent. "Once a court concludes that inequitable conduct occurred, all the claims—not just the particular claims to which the inequitable conduct is directly connected—are unenforceable." *J.P. Stevens*, 747 F.2d at 1561 (citations omitted). This is no less true in the instance of a reissue patent.

An example of the ramifications of inequitable conduct in the procurement of a reissue patent is provided in *Kearney & Trecker Corp. v. Giddings & Lewis, Inc.*, 452 F.2d 579 (7th Cir. 1971), *cert. denied*, 405 U.S. 1066 (1972).

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[14] In *KangaROOS*, the Federal Circuit reversed a ruling granting partial summary judgment on the issue of inequitable conduct. The court stated that despite a district court finding that it was "inconceivable" that KangaROOS could adduce evidence to change the district court's conclusion, "the weight of authority requires that KangaROOS not be denied that opportunity." 778 F.2d at 1577.

Then Seventh Circuit Judge John Paul Stevens authored the opinion for a divided court. The case involved plaintiff patentee's use of the services of a former patent examiner named Beall in procuring the reissue of a patent whose original application had been examined by Beall. Ignoring a rule against such a cross over from the role of an examiner to the role of an advocate, Beall's efforts were instrumental in garnering his client a reissue. Finding the plaintiff's tactics were a "gross abuse of the statutory privilege of reissue," Judge Stevens invalidated all claims that were added to the patent through reissue.

The second question faced by the court in *Kearney* was the proper disposition of the balance of the patent claims. As in this case, several claims[15] of the reissue patent were carried over without substantial change from the original patent. Citing 35 U.S.C. §§ 253 and 288, the court noted that suits to enforce patents containing invalid claims are authorized by Congress provided the invalidated claims were not due to "any deceptive intention." The court then concluded that "deceptive intention" means actual fraud or other forms of inequitable conduct, and, therefore, the conduct of plaintiff in using the services of Beall was sufficient to create a bar to the enforcement of the carryover claims on the basis of inequitable conduct.

Although the alleged form of inequitable conduct in *Kearney* differs from this case, the legal analysis is precisely on point. If the conduct of B&L in obtaining the Yeiser reissue patent was fraudulent or otherwise inequitable, then even the carryover claims from the original patent will be unenforceable because they will be tainted by the claims that were procured with "deceptive intention." With these legal standards in mind, the Court now

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[15] In *Kearney*, reissue claims 15, 19, and 20 were "substantially identical" with the their counterparts in the original patent. 452 F.2d at 581.

makes the following findings of fact and conclusions of law.

(D) Findings of Fact:

Before describing the details of the reissue application process, an introduction to the cast of characters is helpful. John O. ("Jack") Yeiser was the inventor of the '950 patent. Yeiser was a talented inventor for some two decades prior to the creation of his X-Y plotter. Yeiser had developed a highly successful strip chart recorder for Varian Associates in the 1950s.[16] In the 1960s, Yeiser founded his own company called Y-Labs in Costa Mesa, California. In approximately April 1970, Yeiser sold his business to Laboratory Data Control ("LDC") and went to work for LDC. Yeiser was an employee of LDC at the time the application for the '950 patent was filed in August 1970. He assigned the application to LDC.

Sometime between 1972-73, Milton Roy Company ("Milton Roy") acquired LDC and with it obtained the rights to the pending Yeiser '950 application. When the patent was finally issued on September 25, 1973, Milton Roy was the owner by assignment from Yeiser through LDC. After several years of less than satisfactory sales of strip chart

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[16] As explained in B&L's pretrial statement, electromechanical instruments that use a pen to trace a graph on paper generally fall into two categories: strip chart recorders or X-Y plotters. Strip chart recorders use long rolls of papers which are moved at a constant speed in one direction beneath a pen. The pen is constrained to move back-and-forth at right angles to the direction of the paper movement. As the paper moves past the pen, the pen writes across the paper creating a graph or other recording.

X-Y plotters are capable of plotting data generated externally to the plotter along two axes at right angles, commonly called the X-axis and the Y-axis. In an X-Y plotter, the variable data for both axes is applied as external varying input signals to the plotter. One external input signal controls how the pen writes vis-a-vis the X-axis, and the other external input signal controls how the pen writes with respect to the Y-axis. *See B&L Pretrial Statement* at 4.

recorders and X-Y plotters, Milton Roy discontinued production of those products to focus on its primary business as a manufacturer of high performance chromatography detectors.

After he sold his business to LDC, Yeiser apparently intended to remain in California, but LDC relocated to Florida. Drawn by what he considered to be a fine job opportunity as Director of Engineering at LDC, Yeiser attempted to relocate to Florida. *B&L Exhibits Vol. II* (Deposition of John West at 24).[17] When his wife objected, Yeiser undertook to maintain a Florida-California commute. According to a fellow employee of Yeiser at LDC, this commute proved too difficult for Yeiser, severely straining his personal life, and he eventually had to leave LDC and return to the West Coast. *See HP Exhibit 316* (deposition of John West). For reasons that only Yeiser himself will ever know, Jack Yeiser committed suicide in 1974.

Lawrence Fleming is a private patent agent residing in Pasadena, California. Fleming graduated from the California Institute of Technology in 1937 earning a B.S. in mechanical engineering. *B&L Exhibits Vol. I* (Fleming deposition at 7). Fleming is not an attorney, although he has been licensed to practice before the PTO since 1954 and has himself earned over twenty patents as an inventor. *B&L Exhibits Vol. I* (Fleming deposition at 17, 8).

Fleming was a friend of Jack Yeiser from 1959 to Yeiser's death in 1974 and he did all of Yeiser's patent work. Fleming worked as outside counsel for LDC and then Milton Roy in the procurement of the '950 patent. Fleming was approximately seventy years old at the time of the

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[17] Although a large corpus of evidence has been introduced by the parties, much of it relates to other issues to be tried. That portion of the evidence relating solely to the issue of inequitable conduct in procuring the reissue patent has been assembled in binders and hereafter will be referred to as "HP Exhibits" or "B&L Exhibits."

reissue application and was recounting events that transpired over a decade before.

Bernard D. Bogdon was B&L's in-house counsel responsible for overseeing the reissue application of the '950 patent. Throughout 1981 and 1982, Bogdon had primary responsibility for the legal needs of B&L's Houston Instrument Division.

Howard Robbins was a subordinate to Bogdon who joined the company in late 1982. Robbins assumed responsibility for the legal needs of the Houston Instrument Division early in 1983 and through the relevant time period of the reissue process.

William Hyer was outside patent counsel for B&L on the '950 reissue application. Hyer ran his own firm in Houston, Texas and had decades of experience as a patent attorney. In April or May 1982, Hyer began to delegate work to an associate in his firm, Jonathan Jobe. Jobe was asked by Hyer to do research on the steps necessary to obtain the reissue of a patent and was given the task of preparing the first draft of reissue claims and a reissue oath for the '950 patent.

When Hyer died in November 1983, for a short time Jobe took primary responsibility for the '950 reissue work. *B&L Exhibits Vol I* (Bogdon deposition at 301). However, Hyer's death signalled the end of Jobe's involvement. *TR. Vol.4-624* (testimony of Jonathan Jobe). Around that time period, the examiner rejected the first amended application. Subsequently, primary responsibility for the reissue application reverted to B&L in-house counsel, Howard Robbins. *B&L Exhibits Vol. II* (Jobe deposition at 237). In other words, Jobe was responsible for writing the original application and the first amendment and Robbins wrote the second amendment which was finally accepted by Examiner Hartary.

Thomas Hall was a top executive with the Houston Instrument Division of B&L, serving as sales manager and,

from November 1982 throughout the period in question, was in charge of all planning. *B&L Exhibits Vol. III* (PX 181). Hall was the liaison between B&L counsel and Houston Instrument President George More. Mr. More was also corporate vice president of B&L at the time of his involvement in procuring the Yeiser patent. Hall, More, and Bogdon were the three individuals who decided to purchase the '950 patent from Milton Roy in 1982. *B&L Exhibit Vol. I* (Bogdon deposition at 134, 263).

Sometime in late 1980 or early 1981, HP introduced its X-Y plotter with a pinch roller type drive assembly. This "grit wheel" plotter apparently was the first of its kind and enjoyed significant commercial success. B&L's Houston Instrument division (hereafter sometimes referred to as B&L) stated that "HP jumped into [the] market in 1980 with [a] superb unit. Now HP is [the market] leader. . . ." *HP Exhibit 3*. B&L immediately took steps to investigate the HP product and to begin the process of producing a competing product.

The President of the Houston Instrument division of B&L, George More, was a driving force behind B&L's attempts to compete with HP's X-Y plotter. He directed five of his employees, led by a Mr. Napoli, to develop a machine that had the same basic specifications as the HP machine, but at a reduced cost. The reason for such an undertaking is clear: the HP plotter was a commercial success that had no piers. One B&L employee testified in a deposition that the HP plotter "was a fine design. It was one of the nicer recorder designs of the last 15 years." *HP Exhibit 13*.

After experiencing frustration and disappointment in failing to develop a viable grit wheel drive, B&L hired outside counsel to do a search of patent literature. B&L "wanted to know everything there was to know about what HP might have in the way of plotters, paper drives, and pen mechanisms. Every potential element of a plotter. . . ." *HP Exhibit 18* (Hall deposition); *see also HP Ex-*

hibit 20 (letter dated February 26, 1981, from B&L in-house counsel Bernard Bogdon to patent researcher Elliott R. Greenwald requesting "state of the art search" focusing particularly on HP).

In approximately April of 1981, B&L first learned of the existence of the Yeiser patent through this patent search. The Yeiser patent appeared as a citation against a patent that was owned by HP. In a letter dated May 21, 1981, from in-house patent counsel Bernard Bogdon to B&L engineer James A. Parnell, Bogdon listed the Yeiser '950 patent among twelve citations of art found that related to HP's new grit wheel design. Bogdon stated, however, that "[n]one of these patents appear[s] to be particularly pertinent to Hewlett Packard's design." Bogdon also included a copy of each patent along with his letter. *HP Exhibit 25*. Several top B&L officials read the Yeiser patent around that time (May 1981), including Parnell and Thomas Hall.

A few months later, B&L decided to purchase the Yeiser patent from its registered assignee, Milton Roy Company. Hall, Parnell, and More made the decision. *See HP Exhibit 27*. The decision apparently was later discussed with outside patent counsel, William Hyer. At some point during the time that B&L contemplated purchasing the Yeiser '950 patent, Jim Parnell and Thomas Hall had a private discussion about the relevance of the Yeiser patent to the HP mechanism. Parnell apparently was of the view, a view that Hall later shared, that the Yeiser patent was a "master patent" that would supersede any patent HP might have or eventually obtain. B&L asked William Hyer as outside counsel if he concurred in B&L's view of the scope of the Yeiser patent. It can be inferred that Hyer gave a positive opinion of the scope of the Yeiser patent as against HP's grit wheel plotter because in September 1981, George More contacted the President of Milton Roy about purchasing the '950 patent. On May 5, 1982, B&L bought

the Yeiser '950 from Milton Roy for $30,000. *HP Exhibit 63.*

Thomas Hall testified in a deposition that either before the purchase or immediately afterwards, B&L was aware of the need to file a reissue application. *See also HP Exhibit* 64 (Bogdon deposition stating that reissue course was "decided" shortly after the acquisition"). Hall further testified that William Hyer, in advising B&L that a reissue was needed, had stated that the "claims in the original Yeiser were too damn broad" and that narrower claims were needed. *HP Exhibit 61.*

Thomas Hall also testified that the business objective of procuring the Yeiser patent was to "go to others and negotiate with [it]." *HP Exhibit 62.* Hall stated that the primary reason for acquiring the patent was to protect B&L from HP. *B&L Exhibits Vol. I* (Hall deposition at 205). Ideally, B&L desired to avoid litigation and compete against HP's superior product by negotiating a cross-licensing agreement. *B&L Exhibits Vol. I* (Hall deposition at 216). Bernard Bogdon described B&L's actions as gaining "leverage." *HP Exhibit 201*; *see also TR. Vol.6-869* (testimony of Bernard Bogdon). Bogdon admitted during deposition testimony that the same day that B&L acquired the '950 patent, Mr. Jobe's time records indicated that he spent the afternoon doing a "reissue investigation," *HP Exhibit 380*, although Bodgon denied that B&L purchased the patent to use against HP. *B&L Exhibits Vol. I* (Bogdon deposition at 270).

In other words, the patent was obtained for strategic reasons relating to negotiation and possibly litigation, against HP and others. The same is true of the reissue application, for as counsel for B&L has made clear, "the reissue was done with a view to litigation against Hewlett Packard throughout." *HP Exhibit 68* (Statement of Laurence Pretty). In fact, Jonathan Jobe who drafted the reissue application stated in deposition testimony that not only

was litigation one of the purposes for seeking a reissue patent, it was the only reason of which he was aware. *HP Exhibit 69*. B&L acquired the patent, intended to threaten litigation, and then extort a cross-license agreement from HP. After its engineers were unable to compete in technical innovation and creation, this was the most expedient way for B&L to compete against the HP X-Y plotter.

As noted above, Jonathan Jobe was the attorney who drafted the reissue application and the first amendment. It was Jobe's first reissue application, although he was working on another application at the same time as the '950 reissue. *B&L Exhibits Vol. II* (Jobe deposition at 84). Jobe consulted with his superior, William Hyer, in formulating the draft. *TR. Vol.4-607*. Hyer gave to Jobe the specifics of the HP X-Y plotter so that Jobe could take those specifications into consideration in formulating the reissue claims, *HP Exhibit 75*; *TR. Vol.4-630* (testimony of Jonathan Jobe), and, in fact, Jobe drafted the three new claims including the exact specifications included in the HP X-Y plotter. *HP Exhibit 76*.

Jobe also drafted the More declaration. In that declaration, More stated that Yeiser and Fleming committed an error in the original application. Jobe admitted that he did not know "how [More] could have known one way or the other." *B&L Exhibits Vol. II* (Jobe deposition at 192). the following deposition exchange captures Jobe's understanding of the meaning of "reissuable error":

Jobe: I think that people normally believe that errors are unintentional and if an error was made or if a mistake was made—

HP Counsel: But how did [More]—that's a good point. How did he know it was a mistake that claims were left out?

Jobe: Because they weren't in.

HP Counsel: Couldn't it have been intentional?

Jobe: Who knows?

. . .

Jobe: I think that your last question or comment or a previous one assumes that claims like [reissue claims 10-12] were considered and rejected.

HP Counsel: Well, do you know that they weren't?

Jobe: No, I don't know.

HP Counsel: Does anyone?

Jobe: Fleming probably knows.

HP Counsel: But no one contacted Fleming at this point in time; isn't that correct?

Jobe: That's correct.

B&L Exhibits Vol. II (Jobe deposition at 192-93).

A draft of the reissue application was delivered by Jobe to Bogdon on October 2, 1982.

George More, whose declaration formed a crucial part of the reissue application, had virtually no involvement in the preparation of the application. He had at most two discussions with William Hyer prior to the filing of the reissue application, both of which were, in the words of More, "very cursory." *HP Exhibit 147*. More stated that he had no independent opinion regarding the addition of claims through a reissue application other than that the patent needed improvement and that he was willing to do anything to make the patent better. *B&L Exhibits Vol. II* (Deposition of George More at 165). More stated that "[i]f somebody had pissed on it [the original Yeiser patent], it would have made it better. But the point is, anything better." *HP Exhibit 154*.

More simply left is to Bogdon's department, Hall, and Hyer as "[c]ompetent professionals practicing on a day-to-day basis" to do whatever was necessary to obtain a patent

that could be used against HP. *See HP Exhibit 155*. Thus, he did not review the reissue application before it was filed. *B&L Exhibits Vol. II* (Deposition of George More at 177-78) Although he did read the affidavit bearing his name, *B&L Exhibits Vol. II* (More deposition at 214), More signed the affidavit "on the basis of the information supplied to [him] by trusted counsel of [B&L]. [More] had no information to dispute any of the things in [the] statement." *HP Exhibit 161*. In particular, the "oversight" mentioned in the More affidavit was never described to More, nor did he inquire as to its purported nature. *B&L Exhibits Vol. II* (Deposition of George More at 243). Indeed, More was told by Thomas Hall that he was better off not asking any questions and that he did not need to know any details. *HP Exhibit 163*; *B&L Exhibits Vol. II* (Deposition of George More at 163).

On the issue of "oversight" as referenced in the More declaration, Bernard Bogdon stated that the basis for the assertion was the investigation that was conducted prior to the filing of the reissue application. The investigation involved "the file history, the patent itself, and the efforts and counselling with [B&L's] . . . outside law firm." *HP Exhibit 64*. B&L made absolutely no independent investigation of the history of the '950 patent application. None of the principles involved in procuring the '950 patent were contacted prior to the filing of the reissue application. The only discussions that took place were among Bogdon, Jobe, and Robbins, with More receiving cursory information on two occasions from Bogdon. More and Jobe never met or discussed the reissue application, despite the fact that it was Jobe who wrote the affidavit that More signed.

No investigation was made into the '950 patent itself to ascertain its validity. *HP Exhibit 202* (Robbins deposition). Furthermore, despite the fact that B&L professed to believe that the patent attorney who prosecuted the '950 patent made an error, B&L did not think it was necessary to contact Lawrence Fleming to discuss the sup-

posed error with him. *B&L Exhibits Vol. I* (Bogdon deposition at 388). No one at B&L made any attempt to assemble the prior patents of Jack Yeiser. *HP Exhibit 167.* No attempt was made to ascertain whether the invention had been made or used before in the United States, despite the fact that More's affidavit states that "I do not know and do not believe that said invention was ever made or used in the United States of America before the invention thereof by said John O. Yeiser." *Id.*

B&L took the position that no investigation was necessary. There was no deceptive intent because "[t]he file history never told us otherwise." *B&L Exhibits Vol. I* (Bogdon deposition at 393). Jonathan Jobe stated that he included the reference to "oversight" because "it is required by the statute and I believed that the error arose without deceptive intent because there was nothing to be gained by leaving out such claims. I can't imagine any deceptive reason for not including those claims." *TR. Vol.4-612.*

The first contact with Lawrence Fleming occurred on June 17, 1983—after the examiner had rejected the application and told B&L to obtain the statement of the original patent agent. On that date, Jonathan Jobe called Fleming and spoke to him for less than thirty minutes. *HP Exhibit 234.*[18] Jobe was the only individual associated with B&L who spoke to Fleming prior to the filing of his first affidavit. In handwritten notes bearing the date June 17, 1983, Jobe wrote that "the inventor did not feel there was a great deal of novelty. . . ." and added that Fleming "didn't get much info out of Yeiser—Yeiser very brilliant but not much help." *HP Exhibit 235.*

Fleming's handwritten notes from the June 17, 1983, telephone call reflect that Jobe informed him of the ad-

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[18] At trial, Jobe stated that he spoke to Fleming the first time for "approximately half an hour." *TR. Vol.4-615.*

dition of dependent claims stemming from claim one of the original Yeiser patent. Fleming wrote that the new claims were "[m]ore explicit—new cls. 10-12." Fleming also appears to have been informed that the PTO examiner rejected the claims because of a failure to show error. Fleming's notes state: "Exr.—no error." Jobe also reported to Fleming the general content of the More affidavit and the purported source of the "error" as represented by More in the affidavit. *HP Exhibits 237-38*; *see also TR. Vol.4-616-18* (testimony of Jonathan Jobe).

Other than providing a rudimentary explanation of the purpose of his call and the general nature of the application, Jobe provided nothing else to Fleming. Jobe did not send Fleming a copy of the reissue application, a copy of the new claims, a copy of the PTO response to the application, or a copy of the More declaration. *See HP Exhibits 238-39*.

The Court notes the that Jobe's statements to Fleming in essence told Fleming that he had made a tremendous blunder many years before. According to Jobe, he told Fleming who he represented, "I told him that we were attempting to reissue the Yeiser patent, I told him what the defects were and asked him if he could shed any light on how those defects occurred." *TR. Vol.4-616*. B&L's expert, Rafael V. Lupo, testified during trial that it was patently obvious that the original '950 application should have included narrower, or "intermediate" claims encompassing specific features of the pinch roller assembly. According to Lupo, Fleming made an egregiously obvious mistake in failing to stake a claim including those specific features. Although concededly stated with less emphasis, Jobe's report to Fleming constituted an equivalent indictment of Fleming's ability and professional competence. Jobe's lead off question, then, was to ask how Fleming could have made such a mistake, thereby inducing Fleming to explain away his omissions.

Given this reality, it is not surprising that Fleming generated several excuses to absolve himself of his omission. As plaintiff's expert, James Gambrell, stated at trial, B&L "first contacted Mr. Fleming and . . . asked him to explain how the error occurred. But they never asked him what the error was." *TR. Vol.2-215.* B&L and Jobe hoped that Fleming would attempt to justify his action, as he did. Regardless of the veracity of his statements, they provided some substance to the More affidavit's assertion of "oversight" as the basis for reissuable error. In essence, Jobe's phone call was an invitation to Fleming to stir his memory in search of whatever *post hoc* rationalizations were available to put in an affidavit supporting the More affidavit's assertion of "oversight." Once stirred, Fleming's memory prompted several (as it turns out) grossly inaccurate statements. Yet this served B&L's purpose, forming the basis for the first Fleming affidavit.

During trial and in motions preceding trial, B&L emphasized repeatedly that at the time of the telephone contact with Jobe, Mr. Fleming was over seventy years old and was trying to recall events that transpired over a decade before. B&L argued vociferously, as the truth came out, that Fleming's recollections were simply the product of a bad memory and not evidence of bad faith or inequitable conduct on the part of B&L.

A bad memory, plus elements of pride and rationalization as described above, do explain how Fleming was able to make such wildly incorrect statements in his affidavits. This does not alter the fact, however, that B&L never did anything at all to confirm the accuracy of Fleming's recollection of the original patent application. At trial, Jobe indicated that he thought that Fleming had located his file on the patent prosecution "while we were on the telephone." *TR. Vol.4-617.* Yet, Jobe "does not recall" whether he asked Fleming to send him his prosecution file. *HP Exhibit 240.* Jobe also recalls that he did not ask Fleming to look for other documents. *Id.* Jobe "does not recall"

whether or not he asked Fleming if he kept time diaries. *Id.* Jobe "does not recall" whether he ever asked Fleming to see all of the documentation he had regarding the preparation, filing, and prosecution of the original '950 patent application. *HP Exhibit 241*. Jobe does recall that he never contacted anyone at Milton Roy or LDC or Y-Labs to substantiate the assertion of "limited contacts" between Yeiser and Fleming during the application. *HP Exhibit 244*.

Jobe received from Fleming one documentary piece of information regarding the original prosecution, a memorandum of July 7, 1970 from Yeiser to Fleming (hereafter the "7/7/70 Memo"). Yet Jobe does not recall whether he asked Fleming for it or Fleming volunteered to send it to him, *id.*, and Jobe admitted that he never asked Fleming whether the file contained any other memoranda from the inventor. In addition, Jobe never asked Fleming about the contents of the 7/7/70 memorandum or inquired as to what Fleming thought Yeiser meant in the memorandum.

As to the specifics of the affidavit itself, neither Jobe nor anyone else at B&L inquired of Fleming as to the details of his statements. For example, Jobe never asked Fleming any details about his contacts with Yeiser during the original application process. *HP Exhibit 243*. Jobe did not ask Fleming to check his time sheets to confirm his recollections. *HP Exhibit 244*. Jobe did not discuss with Fleming the original file history, the prior art, or any office actions. *Id.* Jobe did not ask, or does not recall asking, Fleming if Yeiser played any role in assisting him in drafting the claims, *HP Exhibit 248*, or whether Fleming and Yeiser discussed the scope and breadth of the claims that were to be made. *HP Exhibit 249*. Jobe did not ask about the nature or content of the contacts between Fleming and R.J. Tarantino (L.D.C.'s president) or between Fleming and Virgil Woodcock of Philadelphia despite the fact that both individuals are specifically mentioned in the first Fleming affidavit. *See HP Exhibits 242, 250, 251, and 252*. Jobe never asked Fleming whether the claims that

were to be added in the reissue application had ever been drafted by him or discussed in any context in connection with the original application. *HP Exhibit 255.*

In addition to the less than thirty minute telephone conversation, Jobe also relied upon a one page letter written by Fleming on June 20, 1983, as a basis for the first Fleming affidavit. In the letter, Fleming stated that he had "pulled out the old file" and reviewed it. Fleming reiterated six reasons apparently explaining why the patent had not been drafted to include intermediate claims. All of the reasons are mentioned in the first Fleming affidavit and include: (1) Yeiser had sold his business (and, one is to infer, therefore had little interest in a patent assigned to his new employer; (2) LDC moved from California to Florida, thereby placing some 3,000 miles between Fleming and Yeiser; (3) Mrs. Yeiser refused to move to Florida (and, one must infer, put a great strain on Jack who tried to commute between Florida and California); (4) Fleming's only other contact at LDC was President Tarantino, who was too busy to help; (5) LDC's patent attorney, Virgil Woodcock, left the application in Fleming's hands except to receive copies of the papers and letters (and thus Fleming received no in-house guidance); and (6) before the patent was issued, LDC was acquired by Milton Roy (and, one might infer, placed another layer of space between Fleming and any source of information). Fleming closed the June 20, 1983, letter by stating that he "suppose[d]" that "business and personal activities of inventor and assignee worked, inadvertently, to cut off communication with the patent practitioner [sic]." *HP Exhibit 266.*

Despite the fact that the June 20th letter played a prominent role in the preparation of the first Fleming affidavit, Jobe never queried Fleming about its contents. Instead, Jobe merely sent to Fleming a prepared affidavit for his review and signature on September 13, 1983. He followed up his mailing with a brief telephone call confirming that

Fleming had received and signed the affidavit.[19] Nothing more was discussed or reviewed. In other words, Jobe did not conduct a follow-up interview with Fleming. *See HP Exhibit 302*. Even something as obvious as Fleming's reference to his "old file" did not precipitate a follow-up inquiry from Jobe. In short, Jobe accepted as true, without any corroboration, every fact related by Fleming. On September 14, 1983, Fleming sent back the signed affidavit. *HP Exhibit 304*.

On September 19, 1983, B&L filed its first amendment to the reissue application. The application was rejected on October 31, 1983. Due to a mix-up in mailing, the second PTO rejection was mailed again on December 2, 1983. In the meantime, Howard Robbins had met with Patent Examiner Hartary to discuss the shortcomings in B&L's amended application. *See HP Exhibit 340*. Howard Robbins was responsible for pursuing the reissue application for B&L after Hyer's death and Jobe's exodus.

Robbins made the next contact with Lawrence Fleming on February 10, 1984. Robbins telephone notes indicate that he basically covered the same ground canvassed by Jobe. *See HP Exhibit 345*. The second Fleming affidavit reflects the new information and emphasis gleaned by Robbins from the February 10, 1984 conversation. Specifically, Yeiser allegedly had but a single, crude model available to him for two hours to effect disclosure of his invention. As a result, Fleming allegedly had to write the claims himself relying on his own experience and knowledge. Also, Fleming felt that Yeiser did not appreciate the significance of his invention.

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[19] There was one other telephone call placed by Fleming to Jobe, but it concerned solely the issue of Fleming's bill. *See HP Exhibit 269-70*. Jobe stated that he and Fleming spoke for a minute or two about whether Fleming could send Jobe a bill for his efforts. That conversation may have taken place on June 20, 1983. Subsequently, Fleming sent B&L (through Jobe) a bill for 1.25 hours of work for a total of $75. *Id.*

Robbins spoke with Fleming a second and final time on February 20, 1984.

Although Robbins himself did read the file history, *HP Exhibit 348*, he stated that he did not know whether Jobe or Bogdon had ever reviewed the original file history. *HP Exhibit 214*. Robbins also stated that he did notice that the file history of the '950 application made reference to a commercial model embodying the principles of the Yeiser '950 patent. This reference appeared in two one-line amendments to the '950 application. *See HP Exhibit 348*. Robbins also was aware of the reference in the first Fleming affidavit to the availability of only a crude model for Yeiser to effect disclosure of his creation, and Robbins himself added the language in the second Fleming affidavit with respect to the limited availability of only a crude model. Nevertheless, Robbins never asked Fleming about his mention of the commercial embodiment in the file history of the '950 application. *Id.* In other words, even though he was aware that Fleming had stated in the early 1970s that there was a commercial model of a Yeiser-like machine in production, Fleming accepted without question Robbins' statements in the reissue affidavits that Yeiser had only a crude model to help him claim the invention.

Like Jobe before him, Robbins failed to ask even the most basic of questions concerning the veracity of Fleming's statements, nor did he provide Fleming with any information concerning what was happening in the PTO with the reissue application. Robbins did not ask Fleming if he kept time records or work diaries. *HP Exhibit 349*. Robbins did not ask Fleming how many contacts he had with Yeiser during the application process, *HP Exhibit 350*, and thus obviously made no inquiry as to the quality of the contact between Yeiser and Fleming. Robbins did not send Fleming copies of any of the PTO actions, nor anything else save the second affidavit which was sent to Fleming on February 20, 1984. *HP Exhibits 351-2*. The

signed affidavit was returned by Fleming to Robbins the next day. *HP Exhibit 353.*

On March 27, 1984, the second amendment to the reissue application was filed by B&L with the PTO. On April 12, 1984, examiner Hartary withdrew his objections to the oath submissions and granted approval for reissue of the '950 patent. *HP Exhibit 363.* Less than two weeks later, on April 24, 1984, Thomas Hall wrote to HP accusing it of infringing B&L's new reissue patent (notwithstanding the fact that the reissue did not take place until September 25, 1984) and extended a gracious olive branch of settlement of the implicitly threatened lawsuit "[i]n the interest of achieving an early amicable resolution to this matter." *HP Exhibit 364.* HP's response was to file this suit for declaratory relief.

On September 13, 1984, Lawrence Fleming met with an investigator hired by B&L named Bill Ellis. Fleming sent B&L a bill for 7.1 hours of his time in connection with the interview with Ellis, although the interview lasted only two hours by Fleming's recollection. *B&L Exhibits Vol. I* (Fleming deposition at 44). Fleming does not recall how the interview was set up; it may have been a telephone call from Robbins or from Ellis' office. Fleming does recall that prior to the interview, Robbins called him.

Several topics never before discussed came to the fore in the telephone call with Robbins and the interview with Ellis. It is not clear how the subject of Yeiser's assistant arose,[20] but it had not been discussed with Fleming during the reissue application process. Apparently in preparation for his meeting with Ellis and during the meeting, *TR. Vol.4-592*, Fleming wrote some notes to himself which included reference to a man named Ronald E. Ross. *See HP*

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[20] In cross examination at trial, Fleming did not recall whether he or investigator Ellis had brought up the subject of Jack Yeiser's assistant. *TR. Vol.4-591.*

Exhibit 368. This appears to be the first mention of Mr. Ross by Fleming. Ross "was #1 asst. to Jack Yeiser [and] source of info." according to Fleming. B&L also asked Fleming, again apparently for the first time, about Yeiser's contacts with LDC President Tarantino. *B&L Exhibits Vol. I* (Fleming deposition at 37, 39). Regarding Tarantino, Robbins by telephone asked Fleming how many contacts he had with Tarantino and the topics of their discussions. *Id.* These questions had been completely ignored prior to the grant of the reissue application. Ellis asked Fleming about the "circumstances of the disclosure of the invention; contacts with the inventor and with Mr. Tarantino; the nature of the acquaintance between [Fleming] and Mr. Yeiser; Mr. Yeiser's marital problems, if any. . . ." *B&L Exhibits Vol. I* (Fleming deposition at 44).[21]

The most important piece of information in Fleming's notes, however, is found on the second page where Fleming wrote: "Yeiser was in Florida 3/72-11/72 by best info. *in my old notebooks.*" *HP Exhibit 368* (emphasis added). As discussed earlier, the notebooks referred to by Fleming are time diaries he kept from 1970-73. Throughout the course of this case, B&L has maintained that Fleming had forgotten about his old notebooks after he moved into a new residence in Pasadena. Supposedly, the notebooks inadvertently were shoved to the back of an old bookcase and forgotten until discovery mid-way through this litigation. By the above reference in his notes, Fleming admitted that he *had* the notebooks and *referred to them* in September 1984 *before* the '950 patent was reissued.

On cross examination at trial, Mr. Fleming insisted that he had spoken to B&L in the course of the reissue process

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[21] The reason these questions were asked relates to dispute between B&L and HP over ownership of the patent. Mrs. Yeiser apparently had executed a quitclaim deed to HP who was then claiming ownership. That dispute is irrelevant here, but it is highly relevant that when it sought the truth B&L knew how to ask direct questions.

relying only his memory and his few notes from the original application period. Fleming insisted that he had not used the notebooks. When confronted by his own handwritten notations from September 1984, Fleming was forced to admit that he must have known about and used the notebook at least by September 1984. *TR. Vol.4-592-96.* Upon further cross examination, HP established that Fleming had used the notebooks to gather certain information about Yeiser whereabouts during the period in question, for example, the timing on his transfer and domicile in Florida. Despite the precision of the details provided by Fleming, neither Jobe, Robbins, nor Bogdon ever asked Fleming if he kept notebooks, if he referred to notebooks, or if he referred to any other written material in responding to B&L's inquiries. *TR. Vol.4-596.*

B&L's position at trial was that although the oath requirement included an averment of error, this does not mean literal error. Howard Robbins stated that the "absence of the language [of the added claims] in the '950 patent is what was expressly stated to be the errors." *B&L Exhibits Vol. II* (Deposition of Howard Robbins at 361). To Robbins, it was "plainly evident from a review of the '950 file history" that omission of the narrower claims was error. *Id.* It was an error, from Robbins and B&L's perspective, because they believed that the claims should have been included. During trial, Bogdon stated that after examination of the '950 patent, "we drew the conclusion that the claims that went to the driving roller means were inadvertently omitted." *TR. Vol.6-876.* Yet Robbins, like Jobe, had no idea whether the omission of the intermediate claims was intentional. When asked to identify support in the file history for his belief, Robbins could only say that he looked at claim 1 of the patent, saw no intermediate claims deriving from claim 1, and concluded that Fleming and Yeiser must not have considered including such claims. *B&L Exhibits Vol. II* (Deposition of Howard Robbins at 368-69). Put another way,

Robbins had "no reason to believe that the absence of that language [claims 10-12] was anything other than oversight, inadvertence." *B&L Exhibits Vol. II* (Deposition of Howard Robbinsat 368). Yet Robbins never asked Fleming directly whether he and Yeiser discussed narrower claims. *B&L Exhibits Vol. II* (Robbins deposition at 388). In effect, Robbins never asked the glaringly obvious question of why he omitted the material added by B&L in its reissue claims, *i.e.*, how was it that Fleming committed this error that was so plainly obvious to Robbins.

Two experts testified at the trial. HP offered the testimony of James B. Gambrell. B&L countered with the testimony of Rafael V. Lupo. Both men are more than qualified to offer expert opinions in the areas of patent office practice, procedure, and standards of practice.[22] As one would expect, the experts offered differing views on the proper characterization of B&L's conduct.

James Gambrell was not only qualified but fully prepared to offer his opinion of B&L's conduct with respect to the reissue application. Gambrell had read all relevant testimony and records and was conversant regarding all matters pertinent to the issue of inequitable conduct in the procurement of the reissue application. Gambrell stated his opinion at the outset that he believed that the reissue patent "was inequitably obtained and should be held unenforceable." *TR. Vol. 2-137.* The balance of his testimony on direct examination set forth the bases for his opinion.

Preliminary to the discussion of the basis of his opinion, Gambrell explained the concept of "error" within the meaning of 35 U.S.C. § 251, the primary reissue statute. If an inventor claims what he wants and receives what he claims, then there is no error. According to Gambrell, "[i]t's not a way in which you can go back and get a

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[22] Mr. Gambrell's resume is found at *PX 148.* Mr. Lupo's resume is found in B&L general trial exhibits at DX84.

second bite at the apple just to see whether or not you might get [the patent] on a different basis or on a hindsight you think that you could have gotten a better patent or one that's more to your liking due to what's happening in the industry." *TR. Vol.2-140.*

Gambrell then described in detail the type of thorough investigation he would undertake as a reliable, competent patent practitioner seeking to reissue a defective patent. According to Gambrell, "[t]he patent office rules are very clear. When you sign a document submitting it to the patent office, your signature represents that there is good cause for that, and I think implicit in that is that you made a reasonable investigation." *TR. Vol.2-164.* Gambrell concluded that B&L "had to make an investigation" to determine whether the declaration and affidavits were correct. *TR. Vol.2-170.* In Gambrell's judgment, "in reading the record, that investigation was not made." *Id.*

In addition, Mr. Gambrell offered his opinion that B&L acted inequitably by failing to return to the PTO once it learned of the errors in Mr. Fleming's affidavits. *See TR. Vol.2-295.* Gambrell testified that it was his "view that it would be proper practice, based on my experience in my profession, for a lawyer to [report Fleming's errors], under these circumstances." *TR. Vol. 2-299.* On cross examination, Gambrell admitted that he knew of no specific rule or regulation requiring a patent attorney to write to the PTO or seek a reissue if he learns that a prior reissue was granted on the basis of fraudulent representations. Gambrell's view was that in reissue or in an original application, the duty of candor is the same; it requires complete and honest disclosure of material information relating to the application in question.

On cross examination, Gambrell admitted that a reasonable patent attorney looking at the '950 patent could conclude that the absence of narrower claims defining the anti-slip drive in more detail was a defect. *TR. Vol.2-319.*

This is because "it [is] a conventional practice, among patent attorneys who prosecute a lot of patent applications, to grade their claims so that they will have a broad claim and then they will have some narrower claims that add additional features of that broad claim." *TR. Vol.2-320* (statement of B&L counsel Laurence Pretty in which HP expert James Gambrell concurred).

Gambrell completely agreed with B&L counsel that B&L's attorneys could have concluded that the failure to include narrower claims in the '950 patent was reissuable error. *Id.* However, Gambrell disagreed with B&L counsel when he suggested that customary practice would have led B&L's attorneys to conclude that the absence of the graded claims was simply "an oversight by the original attorney." *TR. Vol.2-321.* If B&L simply had told the examiner that less had been claimed than was possible under the allowed claims of the patent and that the error was without deceptive intent, then Gambrell believed that B&L "would have had a legitimate basis to go in and try" to get a reissue. *Id.* But once B&L made affirmative representations, for example suggesting that the inventor and his attorney were guilty of "oversight," B&L had a duty to investigate the statement that "oversight" was involved and determine whether that was true in fact.

Once the Fleming affidavits were obtained, then B&L had an even more specific duty to ascertain whether Fleming's statements were at all corroborated by the other available evidence.[23] In other words, once B&L decided to

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[23] Gambrell stated at one point: "[W]e're talking about a reissue situation, in which you have to establish that the defect occurred by error and without deceptive intent. And that's not just any situation." *TR. Vol.3-414.*

Gambrell concluded that he "saw no basis for the reissue because the question is whether the inventor or the patentee committed—had a defective application, specification, claim or what have you, that was—that occurred as a result of an error without deceptive intent. . . ." *TR. Vol.3-431-32.*

attempt to explain why the narrower claims were not included in the patent, they had a duty to make a reasonable effort to be certain that the explanation given was factually correct. Because B&L did offer an explanation (first stating simply "oversight," and then adding the "lack of contact" and "lack of guidance" embellishments of the Fleming affidavits) and yet failed to investigate whether this explanation was truthful, Gambrell concluded that B&L had breached its duty of candor and committed inequitable conduct before the PTO.

Raphael V. Lupo testified as an expert on behalf of B&L. The subject area of his expertise was the prosecution of patent applications and reissue applications, and patent litigation practice and tactics. *TR. Vol.6-996*. Mr. Lupo testified that it is standard practice for patent practitioners to include a range of broad and narrow claims in patent applications "as a hedge against the possibility that a claim may be found invalid in court. If a broad claim were found invalid in court, the remaining claims are still effective." *TR. Vol.6-1000*. Also, a range of claims enhances the marketability of a patent because a later purchaser may be able to gain value from the licensing potential of a patent on narrow claims even if the broad claims are no longer of commercial value. *Id.* Lupo testified that he could think of no reason why an attorney would fail to include to narrow claims depending from an allowable broad claim. *TR. Vol.6-1002*. In Lupo's view, the most likely reason for omitting to include the narrow claims is "oversight."

Lupo properly observed that the threshold inquiry under 35 U.S.C. § 251 is whether there was a "defect" in the original patent. The next issue is whether the arose through an "error without deceptive intent." *TR. Vol.7-1026*. Mr. Lupo testified that failure to include narrower claims dependent from the allowable broad claim is a defect for purposes of reissue. *Id.* Such a defect can be determined from the face of the patent. *Id.*

Lupo then testified that an initial inference could be made based solely on the face of the patent whether the defect arose due to an error. *TR. Vol.7-1027.* In Lupo's view, B&L could have concluded from the file wrapper that the defect resulted from oversight without deceptive intent. The basis for this opinion was Lupo's view that there was no reason for the omission of the intermediate claims; therefore, the omission must have been due to oversight. *TR. Vol.7-1030.* As to the oversight, Lupo believed that it must have been without deceptive intent: "In my opinion you have to infer [a lack of deceptive intent] just by looking at the patent itself. You get more information when you go to the file wrapper." *TR. Vol.7-1071.*

In cross examination, Lupo admitted to having never "examined a mechanical disclosure in my life." *TR. Vol.7-1056.* He also admitted that the '950 patent is a mechanical disclosure. *Id.* So Mr. Lupo had absolutely no experience in examining patents such as the '950 patent.

The Court must reject Mr. Lupo testimony on the subject of error and deceptive intent. As a matter of logic, Lupo's position is untenable. After logically explaining why a defect could be obvious—as a technical issue—on the face of a patent, he then jumped to the unsupported assertion that failure to include certain claims must have been an oversight. There is a gap of logic here because Lupo offers no recognition of the fact that the reissue regulations and MPEP require that the party seeking reissue explain why the claims were not included. Lupo's position is a tautology: the inventor failed to include the claims because the inventor failed to include the claims. The point is that to obtain a reissue B&L had the legal responsibility to ascertain why the claims were omitted and to provide that explanation to the examiner. If no explanation could be found, then the examiner should have be so informed. Instead, B&L simply ignored the regulations and told the examiner nothing. When the examiner rejected that, then B&L offered whatever minimal excuse that would suffice,

whether it was accurate or not. Lupo's testimony supports the untenable position that reissue always may be obtained simply by looking at the patent and, perhaps, the file wrapper. *TR. Vol.7-1030.*

The conclusion of Lupo's testimony was that B&L did not commit inequitable conduct. Since B&L "could not know or did not know" about the errors in Fleming's affidavits, "they could not have purposely withheld that from the patent office." *TR. Vol.7-1051.* The "error is one that is so clear to a reasonable patent attorney that it could be included [sic- concluded] that it was without deceptive intent because there is no conceivable reason that I can think of for not having put those in there." *TR. Vol.7-1091.* According to Lupo, the reasonable inquiry B&L was required to make pursuant to the regulations of practice before the PTO was satisfied by reading the patent and the file wrapper. *TR. Vol.7-1086.*

(E) Conclusions of Law:

B&L and its attorneys had a duty of candor and good faith with respect to its dealings with the PTO during the reissue application process. 37 C.F.R. § 1.56. The duty of candor consists in a responsibility to disclose to the PTO all material information relating to the proceeding in question. *Id.* An integral part of the duty of disclosure is the duty of reasonable inquiry. *See MPEP* § 2001.02. The duty of reasonable inquiry means that an agent or attorney submitting an application to the PTO must make a reasonable effort to verify that representations made in the application are not erroneous. "For instance, if an applicant or applicant's attorney is aware of facts which indicate a reasonable possibility that . . . information material to examination may exist, they are expected to make reasonable inquiries to ascertain such information and to submit" it to the PTO. *Id.* This duty continues at least until the time that the application is acted upon. Hence, applicants have a continuous duty to update their applications

as information is unearthed. For example, if new information or prior art is discovered casting into doubt the patentability of an invention, the applicant has a duty to submit that information or prior art "with reasonable promptness." *MPEP* § 2002.03(a).

In this case, B&L has breached its duty of candor before the PTO by failing to be forthright in its reissue application and by failing to conduct reasonable investigation. There is also a serious question whether B&L failed to update or temporarily withdraw its application when it learned of the serious discrepancies of in Lawrence Fleming's affidavits.

Jonathan Jobe admitted on cross examination that the reissue oath or affidavit is the "guts" of the reissue proceeding and that it is the primary instrument for gaining approval for reissue. *TR. Vol.4-632*. Nevertheless, Jobe and B&L drafted the original application, in particular the declaration of George More, with a remarkable lack of care. As described in detail above, B&L said that the defect was due to "oversight" but did not tell the examiner that the basis for this assertion was merely opinion. B&L could have satisfied its duty of candor by simply informing the examiner that it had no information and had done no investigation other than reading the patent and the file history, but in its view there was a defect because any intelligent patent agent would have included narrower claims. Instead, B&L represented to the PTO that the omission was due to "oversight" by the inventor and his agent, even though B&L had no evidence to support the assertion. At a minimum, this was gross negligence.

Once B&L made the affirmative representation that "oversight" occurred, it then had a concomitant duty to make a reasonable investigation to assure the statement's accuracy. Yet, no one from B&L contacted anyone involved in the prosecution of the original patent. B&L did not contact Fleming, Milton Roy, Milton Roy's attorneys

in Philadelphia, LDC, LDC President Tarantino, Ronald Ross who was Yeiser's number one assistant, or anyone else who was involved in or who had an interest in the procurement of the '950 patent. Jobe himself only remembers reading the patent itself. *TR. Vol.4-639* (quoting from deposition testimony of Jonathan Jobe). He read some, though possibly not all, of the file history prior to submitting the application. *TR. Vol.4-638*. Jobe was not sure whether he read the prior art references cited against the original patent. *TR. Vol.4-635-37*.

At trial Jobe said he thought he had reviewed the prior art, but at trial HP pointed out that in his deposition testimony Jobe firmly stated that he could not express a view "one way or the other." *Id.* The Court does not find Mr. Jobe credible in his new found recollection. Based on his deposition testimony and the casualness with which B&L approached the reissue application, it is likely that Jobe never reviewed the prior art, or, if he did, he did so without attempting to ascertain whether the prior art bore any relationship to Yeiser and Fleming's ability to stake narrower claims of the sort pursued in the reissue application. In essence, Jobe likely never considered that Yeiser and Fleming had seen the prior art and decided that it either foreclosed laying claim to narrower specifications, or made such specifications undesirable. Jobe and all the others at B&L never considered investigating whether there was an error because they began from the premise that the patent was defective in not claiming those elements of the invention which B&L then wished to assert against HP and others. *TR. Vol. 4-649-50*. In their minds, the existence of the "defect" was equivalent to an error, *TR. Vol.4-651* (Jobe testimony); *TR. Vol.5-788* (Robbins testimony), which is precisely what their expert testified. *See TR. Vol.7-1027-30* (Lupo testimony).

This leads to the question of whether B&L ever investigated to determine whether there was reissuable error, i.e., whether the defect was due to an error that was

susceptible of correction through reissue. B&L's position at trial was that there was no duty in this regard because the defect was so blatantly obvious. Even on direct examination, B&L officials refused to acknowledge the distinction between a defect and a reissuable error. *See TR. Vol.5-823* (testimony of Howard Robbins: "I am just trying to understand the question.") In direct testimony, Howard Robbins stated that the basis for his belief that the '950 patent was reissuable due to error was because "it appeared to me the applicant had claimed less than the applicant had a right to claim in the original Yeiser '950 patent." *TR. Vol.5-722.* Properly describing this statutory defect as a "failure" rather than an error, B&L's attorney tried to inquire whether the "failure was a result of error or not?" *Id.* Robbins' response was to state that on the face of the patent he was able to determine that the omission of material that could have been claimed "was reissuable error." *TR. Vol.5-723.* In implicitly explaining his unwillingness to separate the concept of a defect from the error that caused it, as is described in the statute, Robbins stated that "a reasonably prudent patent practitioner would have included those further characterizations of the driving mechanism dependent from claim 1." *Id.*

The point missed by Robbins and others at B&L is that what was "reasonable" for Yeiser and Fleming at the time is inevitably a function of the prevailing circumstances. Without any idea of the circumstances in which the original patent was obtained, B&L's reissue application was submitted with reckless indifference to the statutory requirements. B&L did not know and did not care whether an error had been made; there was a defect and a need for reissue and any sort of averment of error was adequate.

The Court must reject this logic and this approach because it does violence to the purpose and spirit of the reissue statute. The requirements for reissue are quite clearly stated in the regulations. The requisite elements

for the oath requirement are also clearly articulated in 37 C.F.R. § 1.175 and are augmented by the MPEP § 1404.03. Case law further evinces that "not every event or circumstance that might be labeled "error" is correctable by reissue." *In re Weiler*, 790 F.2d 1576, 1579 (Fed. Cir. 1986). The Federal Circuit has emphasized that the reissue statute is not a "panacea" for all prosecution mistakes or a "grant to a patentee of a second opportunity to prosecute *de novo* his original application." *Id.* at 1582. Thus, plaintiff's expert James Gambrell is correct in stating that B&L's views of the '950 patent were irrelevant.[24] The real issue was whether Yeiser and Fleming were satisfied:

> [W]hen you're talking about the scope of claims, the question whether there are narrower claims and whether that defect occurred as a result of error without deceptive intent, is inherently and importantly a question which is devoted and directed to the inventor and patentee who is the person who is claiming and obtaining the patent.
>
> And so, therefore, what you need to know is what Yeiser felt was defective, if anything, and whether that was an error on his part; not whether you go

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[24] It is obvious that Mr. Gambrell read *Weiler* with care, for his testimony is fully consistent with the court's ruling. For example, as quoted earlier, Gambrell stated at one point: "[W]e're talking about a reissue situation, in which you have to establish that the defect occurred by error and without deceptive intent. And that's not just any situation." *TR. Vol.8-414.* In another portion of his testimony, Gambrell stated:

> Reissue applications are not permitted to allow you to reargue whether you have the proper coverage for your invention. That's not the purpose of the reissue. You have to find a defect that was caused by an error without deceptive intent and if Mr. Yeiser got the kind of claims he wanted, that's all he's entitled to and he's not entitled to go back and reissue for that reason just because somebody else has decided in hindsight that they would like to have some other kinds of claims.

TR. Vol.8-427.

> back and look and say, "Gee, I would like to have claims on another feature or another aspect of this invention."
>
> That's not enough for reissue. The question is: did Yeiser find a defect or would he have felt there was a defect that occurred through error without deceptive intent?

TR. Vol.3-431-32.

No one at B&L knew whether claims of the character of reissue claims 10-12 had been considered by Yeiser or Fleming. *TR. Vol.4-652* (testimony of Jonathan Jobe). In filing the original reissue application, B&L was not concerned with the details of the original patent prosecution; they simply wanted the reissue. B&L spoke to no one. *TR. Vol.4-653* (testimony of Jonathan Jobe). B&L did not contact Fleming. B&L did not contact the original assignee of the patent, LDC. B&L did not contact the original owner of the patent by assignment from LDC, Milton Roy. B&L did not contact Milton Roy's attorney in Philadelphia who had monitored Fleming's prosecution of the patent. B&L did not seek out or speak to Fleming's number one assistant, Ronald Ross. B&L did not speak to Yeiser's wife Patsy or to any of his professional associates or personal friends who might have information regarding the conduct of the original patent proceedings. Worse still, when they were told by the examiner to contact the original patent agent, they did not once ask him whether he or Yeiser had considered adding narrower or intermediate claims to the '950 patent application. Once again, B&L was determined to obtain a reissue and was not concerned about whether its representations corresponded to the actual reality. B&L clearly breached its duty to make a reasonable investigation of its representations.

There is also a serious question whether B&L breached its duty to provide the PTO with information contradicting its reissue application. Defendant's expert Rafael Lupo tes-

tified that the whole patent system depends on the good faith candor of the attorneys prosecuting cases before the PTO. *TR. Vol.7-1075.* When an attorney breaches the duty of candor, inequitable conduct has been committed. *Id.* Lupo also admitted, and the facts are clear on this, that when B&L investigator Bill Ellis met with Lawrence Fleming in September 1984, the reissue application was still pending. At that meeting, Ellis may have learned, if he did not already know, that Fleming had several volumes of notebooks kept during the relevant time period of the original patent application. Nonetheless, B&L did nothing. It neither examined the notebooks nor asked for a stay of its application pending review of the notebooks.

There is a gap in HP's case on this point because it never established that B&L knew about the notebooks as a result of the September 1984 meeting between Ellis and Fleming. The reference to the notebooks in Fleming's notes of that meeting is plain, but HP did not establish that B&L saw Fleming's notes or that Fleming told Ellis about the notebooks. Thus, it might be the case that B&L truly did first learn of the existence of the notebooks during a deposition of Mr. Fleming taken in this litigation.[25] A contrary inference is also possible. Considering that the burden of proof was on HP, the Court concludes that B&L was not apprised of the existence of the notebooks as a result of the September 1984 meeting between Fleming and Ellis.

B&L's knowledge about the notebooks leads to consideration of B&L's state of mind throughout the reissue proceeding. As discussed above, the Federal Circuit in the *FMC Corp.* stressed that good faith intent is a complete rebuttal to the affirmative defense of inequitable conduct. The Court was able to hear the testimony of four of the

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[25] Of course, this would not mitigate B&L's breach of its duty to investigate by failing to inquire about something as obvious as a patent agent's time notebooks, but it would eliminate a duty to report contrary information learned during the pendency of the reissue application.

principle actors for B&L in the reissue proceedings, including Lawrence Fleming, Jonathan Jobe, Howard Robbins, and Bernard Bogdon. In one way or another, each of the individuals averred a good faith intent during the reissue application process. On this point, defendants received partial support from plaintiff's expert Gambrell who stated that he saw "nothing that shows they were intentionally trying to be dishonest." *TR. Vol.3-381.*

When all the evidence is added up, however, all that defendants have are mere denials of intent to mislead. Pursuant to *J.P. Stevens* and *FMC Corp.*, this is not enough. At every step of the reissue process, B&L refrained from exerting any but the least effort in determining the truth. "Studied ignorance" is perhaps the best way to describe B&L's position. B&L's attorneys sought to know as little as possible about the original application proceeding. They ignored the reference in the file history of the '950 patent to the existence of commercial embodiments of the mechanism when Fleming told them he had only a crude model. They made a representation of "oversight" that was "without deceptive intent" when they had absolutely no idea whether the statement was true. When directed by the examiner to obtain the statement of the original patent agent, they did so, but under circumstances wherein the agent was *told* he had made an error and asked for some rationalizations. Moreover, in eliciting the rationalizations both B&L attorneys were fastidiously careful not to ask crucial, almost painfully obvious questions about the original patent application. And despite the fact that the patent agent was an elderly man being asked to recall events transpiring a decade before, B&L never undertook to confirm any facts provided by Mr. Fleming. In short, the entire process was antiseptically clean and devoid of even a hint of dirt having been dislodged in the investigation. The duty of candor and good faith is not so easily discharged. B&L has not demon-

strated that it acted in good faith and the witnesses' testimony is not credible on that subject.

For the reasons described above, the Court concludes that B&L committed inequitable conduct in procuring the Yeiser reissue patent. The Court cannot conclude that the attorneys acted in good faith. Therefore, the nine remaining claims of the reissue patent which correspond to the original '950 patent are hereby declared unenforceable.

V. CONCLUSION

All twelve claims of the Yeiser reissue patent are void. Claims 10-12 are invalid because they were obtained in contravention of the statutory and regulatory requirements. Claims 1-9 of the Yeiser reissue patent, which are the original nine claims of the '950 patent, are unenforceable due to the inequitable conduct of B&L during the reissue application process.

IT IS SO ORDERED.

DATED: July 22, 1988

/s/ Robert P. Aguilar

ROBERT P. AGUILAR
United States District Judge

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

NO. C 84-20642 RPA

HEWLETT-PACKARD COMPANY,

Plaintiff,

vs.

BAUSCH & LOMB, INC.,

Defendant.

FILED

88 JUL 22 PM 1:03

WILLIAM L. WHITTAKER
CLERK
U.S. DISTRICT COURT
NO. DIST. OF CA, S.J.

ORDER RE VARIOUS MOTIONS

On July 15, 1988, the Court entertained three separate motions filed by the parties: plaintiff Hewlett-Packard Company's ("H-P") motion to amend the Court's "Order Re Affirmative Defense of Inequitable Conduct" filed on May 18, 1988 (hereafter the "Order"); plaintiff's motion for a finding that this was an exceptional case and for fees pursuant to 35 U.S.C. § 285; and defendant Bausch & Lomb Incorporated's ("B&L") motion for certification for immediate appeal pursuant to Rule 54(b) of the Federal Rules of Civil Procedure ("Fed. R. Civ. P."). This order sets forth the Court's rulings with respect to each motion.

H-P's MOTION TO AMEND THE ORDER.

H-P's first motion focuses on three categories of errors or misstatements in the Order of May 18, 1988. First, H-P asks that the Court amend three references to the inventions at issue. For example, in one place the Court referred to part of the Yeiser creation as a "pinch-roller-grit-wheel mechanism." H-P points out that these words are potent sources of dispute in the remaining case on the Le Barre patent. Because this issue was not presented to the Court in deciding the inequitable conduct issue, H-P asks that the language of the Order be amended to avoid any possible preclusive effect with regards to that issue. Two other such references are also the subject of H-P's request to amend.

Without conceding anything, B&L agrees to two of the three changes. However, B&L contends that the Court's use of the phrase "anti-slip" (at p. 65:20) was not inadvertent and was factually supported by the record— in particular, that phrase is contained in the patent. In column 1, lines 51-55 of the original Yeiser patent, Yeiser wrote:

> Adjacent each end of the pen carriage mechanism is a pair of chart rollers. The lower, or driving roller of each pair may be knurled or otherwise provided with *an anti-slip surface*; its upper rim is approximately tangent to the table top. (emphasis added)

In addition, the term "anti-slip" is mentioned once in the reissue patent.

B&L's position is well taken. The Court's passing reference to "the anti-slip drive" was not intended to have and will not have preclusive effect. In addition, the use of the phrase is in fact supported by the patent. Accordingly, the Court will retain the language "anti-slip," but make the other two linguistic changes in the Order sought by H-P.

The balance of H-P's Rule 60 motion to amend the Order is not opposed. H-P found two points of factual error (e.g., calling a B&L engineer an "executive") which should be corrected and numerous typographical errors. All of these errata have been corrected and an "amended" order is being filed contemporaneously with the filing of this order.

H-P'S MOTION FOR A RULING THAT THIS CASE IS EXCEPTIONAL AND THAT H-P IS THEREFORE ENTITLED TO FEES PURSUANT TO 35 U.S.C. § 285.

H-P seeks attorney's fees pursuant to 35 U.S.C. § 285 which provides that "[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party." This is not an exceptional case within the contemplation of the statute. Although B&L was grossly negligent, the Court did not conclude that B&L deliberately concealed or misrepresented the truth to the Patent and Trademark Office ("PTO"). The Court did not find that B&L had acted in bad faith, but rather that it was not possible to conclude that B&L had acted in good faith. While this was sufficient to support a finding of inequitable conduct, it is not enough, considering the context of this suit, to support a finding that this is an exceptional case.

In a recent decision, the Federal Circuit stated that "it has not been held that every case of proven inequitable conduct must result in an automatic attorney fee award, or that every instance of inequitable conduct mandates an evaluation of the case as "exceptional." " *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1215 (Fed. Cir. 1987). Indeed, it has been the policy of the circuit courts, reflecting the will of Congress, that recovery of attorney's fees be limited to those "exceptional" cases containing compelling reasons for awarding fees. *See J.P. Stevens Co., Inc. v. Lex Tex Ltd., Inc.*, 822 F.2d 1047, 1052 (Fed. Cir. 1987). Only when it would be "*grossly unjust* that the winner be left to bear the burden of his own counsel" are fees appropriate. *Id.* (emphasis in original).

The process of determining the propriety of fees is actually a two-step process. In the first step, the district court must determine whether the case is exceptional within the meaning of § 285. This determination is reviewed as a factual matter according to the clearly erroneous standard. *Reactive Metals and Alloys Corp. v. ESM, Inc.*, 769 F.2d 1578, 1583 (Fed. Cir. 1985). The second step is to determine whether an award of fees is equitable given the circumstances and facts of the case. This decision is reviewed according to the abuse of discretion standard. *See, e.g., S.C. Johnson & Son, Inc. v. Carter-Wallace, Inc.*, 781 F.2d 198, 201-02 (Fed. Cir. 1986) (vacating district court order for abusing discretion in failing to grant increased damages).

H-P has the burden to show that the action is exceptional by clear and convincing evidence. *Advance Transformer Co. v. Levinson*, 837 F.2d 1081, 1085 (Fed. Cir. 1988). Some of the factors that are relevant to the determination whether a case is "exceptional" are the closeness of the case, the tactics of counsel, the conduct of the parties, and "any other factors that may contribute to a fair allocation of the burdens of litigation between winner and loser." *S.C. Johnson & Son*, 781 F.2d at 201; *see also Kloster Speedsteel AB v. Crucible Inc.*, 793 F.2d 1565, 1580-81 (Fed. Cir. 1986). In practice, this translates into a showing on the merits of the inequitable conduct defense that B&L's conduct in procuring the reissue patent was fraudulent or deliberately misleading and worked a gross injustice on H-P.

As is made clear in the Order, the Court did not find that B&L had acted deliberately to commit fraud. Furthermore, the Court did not find that B&L's conduct of the suit itself was inequitable conduct. Although there was little evidence to support it, B&L's position in this litigation was reasonable and its handling of the litigation fair. Therefore, the Court concludes that this was not an exceptional case.

Even if the Court were to find this an exceptional case within the meaning of the statute, as a matter of equity fees would not be appropriate. Balancing the equities as a district court must do is assessing this question, the scales do not tip decidedly in either direction. These were two large corporations wrangling over property rights that are worth large sums of money. They developed these patents— or in the case of B&L, bought the patent— with the understanding that there might be validity and infringement fights. To that extent, this lawsuit is just garden-variety litigation in the Silicon Valley. The equities do not point toward one side or the other picking up the tab for this colossal combat. Were the possibility presented, the Court would not exercise its discretion to award fees to the prevailing party in this litigation.

B&L's MOTION FOR CERTIFICATION PURSUANT TO RULE 54(b).

No good cause has been shown to deny B&L's motion. The Court accepts, has signed, and will file herewith B&L's proposed order granting certification under Fed. R. Civ. P. 54(b).

CONCLUSION.

For the reasons stated above, the Court:

(1) Grants in large part H-P's motion to amend the Order of May 18, 1988 as indicated above, the amended order to be filed herewith;

(2) Denies H-P's request for a finding of exceptionalness and an award of attorney's fees under 35 U.S.C. § 285; and

(3) Grants B&L's motion for leave to take an immediate appeal of the judgment pursuant to Fed. R. Civ. P. 54(b), as explained in the order filed herewith.

IT IS SO ORDERED.

DATED: July 22, 1988

/s/ Robert P. Aguilar
ROBERT P. AGUILAR
United States District Judge

EXTRACT FROM "BRIEF FOR APPELLANT BAUSCH & LOMB INCORPORATED" SERVED AUGUST 24, 1990, AT pp. 13-14

* * *

The trial court found that the September 1984 meeting between Fleming and Ellis did not apprise B&L of the existence of the notebooks (A 131, 692 F. Supp. at 1150).

Despite the trial court's finding for B&L on this issue, this Court's prior opinion contains the following statement which is open to a misinterpretation that B&L knew the notebooks existed before this litigation began,

> "The letter to Jobe from Fleming in which Fleming referenced his notebooks negates B&L's basis position during trial that neither B&L nor Fleming knew the notebooks existed until after this litigation began." (882 F.2d at p. 1562)

Any interpretation that B&L knew of the notebooks before the litigation began would be contrary to the just-described trial court finding, as well as contrary to the record[9]. Specifically, the letter to Jobe from Fleming refers to " . . . the old file . . . " (A 1883, PX 123). Fleming testified that the file referred to in this letter was *his patent prosecution file*, PX 113 (A 747-748, Fleming Tr.; A 1744-1858, PX 113). His prosecution file, PX 113, is a totally different document than *the three Fleming notebooks* which are spiral bound, bulky notebooks (A 2992-3108, A 3109-3227, A 3228-3317, PX 136, 137 and 138). Any shred of doubt that Fleming's June 20, 1983 letter refers to the prosecution file, not to his notebooks, is removed by the

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[9] Indeed, when B&L petitioned for reconsideration to have this particular point corrected, HP indignantly disclaimed any interpretation of the Court's above-quoted statement as extending to knowledge by B&L of the notebooks, stating "[i]t is astounding that B&L would characterize the foregoing statement as a finding that *B&L* knew of the notebooks before the litigation began" (A 162, original emphasis).

circumstance that Fleming told Jobe during their telephone conversation that the July 7, 1970 Yeiser memorandum came from his file. This memorandum is found *only* in the prosecution file, not the notebooks (PX 113 at A 1763). The reality is that the Fleming notebooks came as a complete surprise to B&L in the litigation.

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EXTRACTS FROM TRIAL TESTIMONY OF BERNARD BOGDON, AT pp. 6-873 TO 6-874 AND 6-876 TO 6-881

* * *

Q. NOW, WAS ANY INVESTIGATION—GOING ON TO THE SUBJECT OF REISSUE AGAIN, WAS ANY INVESTIGATION MADE IN ORDER TO DETERMINE WHETHER BAUSCH & LOMB HAD A RIGHT TO REISSUE?

A. YES, THERE WAS AN INVESTIGATION. THE FIRST THING WE LOOKED AT CERTAINLY WAS THE LAW THAT WAS APPLICABLE IN THE STATUTE, THE CODE OF FEDERAL REGULATIONS AND ALSO THE MANUAL FOR PATENT EXAMINING PROCEDURE, THE MPEP.

Q. AND WHAT IS IT THAT YOU HAVE TO HAVE BEFORE YOU HAVE A RIGHT TO REISSUE?

A. WELL, CERTAINLY THE STATUTE SPELLS OUT A NUMBER OF THINGS; BUT IT'S BASICALLY YOU HAVE TO HAVE ERROR WITHOUT DECEPTIVE INTENT.

Q. OKAY. NOW, YOU'VE DESCRIBED THE LEGAL INVESTIGATION YOU DID. DID YOU CHECK THE PATENT TO SEE IF THERE WAS A DEFECT?

A. WE CHECKED NOT ONLY THE PATENT, WE ALSO, WHICH WE DID INITIALLY, WE CHECKED THE FILE HISTORY. SO, YES, WE DID NOT ONLY A LEGAL INVESTIGATION, WE ALSO DID A FACTUAL INVESTIGATION.

Q. DID YOU FIND A DEFECT?

A. YES, WE DID.

Q. WHAT WAS THE DEFECT?

A. THE DEFECT WAS THE ABSENCE OF CLAIMS DIRECTED TO A SIGNIFICANT FEATURE, THE DRIVING ROLLER MEANS.

* * *

Q. NOW, IN YOUR STUDY OF THE PATENT, DID YOU

DRAW ANY– BACK WHEN YOU WERE CONSIDERING REISSUE, DID YOU DRAW ANY CONCLUSION FROM THE DIFFERENT RANGES OF CLAIMS FOR THE DRIVING ROLLER MEANS INVENTION AND THE RETRACTABLE CHART STOP INVENTION?

A. YES, WE DREW A CONCLUSION THAT THE CLAIMS THAT WENT TO THE DRIVING ROLLER MEANS WERE INADVERTENTLY OMITTED.

Q. WOULD YOU HAVE EXPECTED A PRUDENT PRACTITIONER TO HAVE INCLUDED A RANGE OF CLAIMS TO THE DRIVING ROLLER MEANS IN PARALLEL MANNER TO THE RANGE OF CLAIMS FOR THE CHART STOP?

A. YES, I WOULD HAVE.

Q. CAN YOU THINK OF ANY REASON, OTHER THAN OVERSIGHT, FOR NOT INCLUDING A PARALLEL RANGE OF CLAIMS TO THE DRIVING ROLLER MEANS?

A. I CANNOT. IT'S BEEN MY EXPERIENCE, AS A MANAGER AND ALSO PRIOR TO THAT TIME IN LOOKING AT AN ISSUE LIKE THIS, IS THAT WHEN YOU HAVE THOSE CLAIMS FOR THE TAKING, THAT YOU HAVE NO REASON NOT TO CLAIM A PARALLEL–PERHAPS NOT THE SAME NUMBER, BUT CERTAINLY A PARALLEL RANGE TO A SIGNIFICANT PORTION OF THE INVENTION.

Q. CAN YOU THINK OF ANY DECEPTIVE REASON FOR LEAVING OUT CLAIMS OF PARALLEL SCOPE TO THE DRIVING ROLLER MEANS?

A. I CAN'T THINK OF ANY REASON AT ALL WHY SUCH CLAIMS WOULDN'T HAVE BEEN INCLUDED. CERTAINLY IT'S NOT A DECEPTIVE MEANS.

Q. NOW, I THINK YOU CAN RETURN TO THE STAND NOW, MR. BOGDON.

A. (WITNESS RETURNING TO STAND.)

Q. NOW, AFTER YOU HAD REACHED THE CONCLUSION OF OVERSIGHT FROM THE PATENT ITSELF, DID YOU TAKE YOUR INVESTIGATION–

A. EXCUSE ME, MR. PRETTY–

Q. SORRY.

A. DO YOU WANT ME TO PUT THIS BACK IN THE BINDER?

Q. OH, YES, WE'LL ONLY LOSE IT OTHERWISE. THANK YOU.

A. I'M SORRY. WOULD YOU REPEAT YOUR QUESTION?

Q. I'LL START AGAIN. NOW, AFTER YOU'D REACHED YOUR CONCLUSION FROM THE PATENT ITSELF, DID YOU TAKE YOUR INVESTIGATION ANY FURTHER?

A. YES, WE DID. WE REACHED OUR CONCLUSION FROM THE PATENT AND WE TOOK THAT INVESTIGATION INTO THE FILE HISTORY.

Q. NOW, WHEN YOU WENT INTO THE FILE HISTORY, WAS THERE SOMETHING IN THE FILE HISTORY THAT YOU COULDN'T FIND FROM JUST THE PATENT ITSELF OR WERE YOU LOOKING FOR SOMETHING IN THE FILE HISTORY THAT YOU WOULDN'T BE ABLE TO FIND FROM THE PATENT ITSELF?

A. CERTAINLY I WAS LOOKING FOR THE ISSUE AS TO WHETHER OR NOT THE PRACTITIONER, MR. FLEMING, WAS ATTEMPTING TO RECAPTURE CLAIMS THAT HE MAY HAVE ALREADY, IF YOU WILL, PRESSED FOR AND WAS NOT ABLE TO OBTAIN THROUGH THE PROSECUTION. I DID NOT SEE THAT RECAPTURE ISSUE THERE AT ALL, "RECAPTURE" MEANING THAT HE HAD ALREADY TRIED TO OBTAIN COVERAGE FOR CLAIMS THAT WERE OF A NARROWER NATURE PENDING FROM THE DRIVING ROLLER MEANS.

Q. AND IS RECAPTURE A CONCERN THAT ANY PRUDENT PRACTITIONER LIKE YOURSELF WOULD BE LOOKING FOR IN STUDYING THE FILE HISTORY?

A. YES.

Q. AND YOU DIDN'T FIND RECAPTURE; IS THAT RIGHT?

A. THAT'S CORRECT.

Q. NOW, WAS THIS INVESTIGATION FROM THE PATENT AND FROM THE FILE HISTORY THE BASIS—LET ME START THAT SENTENCE OVER, SO I DON'T LEAD.

WERE YOU ABLE TO COME TO A BELIEF, AFTER LOOKING AT THE PATENT ITSELF AND LOOKING AT THE FILE WRAPPER, WHAT THE REASON FOR THE OMISSION OF THE NARROWER PARALLEL CLAIMS UNDER CLAIM 1 WAS?

A. YES, I CAME TO A BELIEF AND THAT BELIEF WAS THAT IT WAS AN INADVERTENT OMISSION. AND I BELIEVE THAT THE PATENT ITSELF IN NUMEROUS LOCATIONS POINTED OUT THE SIGNIFICANCE OF THE DRIVING ROLLER MEANS. CERTAINLY IN THE SUMMARY OF THE INVENTION A SEPARATE PARAGRAPH WAS DEVOTED TO THAT, AS WAS A SEPARATE PARAGRAPH DEVOTED TO THE RETRACTABLE CHART STOP. AND IN THE PROSECUTION IN THE FILE HISTORY, IT WAS CORROBORATED ABOUT THE SIGNIFICANCE OF THAT, I BELIEVE, IN ONE OF THE OFFICE ACTIONS BY MR. FLEMING.

Q. NOW, WOULD YOU TURN TO THE DECLARATION OF GEORGE MORE, WHICH IS IN TAB 2? THAT'S THE REISSUE APPLICATION, AT PAGES 200012 THROUGH 14.

A. (WITNESS EXAMINES DOCUMENT.) YES, SIR.

Q. NOW, WAS THIS DECLARATION PRESENTED ON BEHALF OF BAUSCH & LOMB?

A. YES, IT WAS.

Q. WOULD YOU TURN TO THE SECOND PAGE AND THE SECOND PARAGRAPH, FIRST SENTENCE?

A. SECOND PAGE, SECOND PARAGRAPH?

Q. AND FIRST SENTENCE.

A. YES, SIR.

Q. DO YOU HAVE IT, "THAT I VERILY BELIEVE"?

A. YES, SIR.

Q. NOW, WAS THE INVESTIGATION, WHICH YOU AND—LET ME STEP BACK A MOMENT.

THE INVESTIGATION THAT YOU HAD PERFORMED, WAS THAT PERFORMED BY YOURSELF AND MR. HYER?

A. YES.

Q. WAS THE INVESTIGATION THAT YOURSELF AND MR. HYER HAD PERFORMED OF THE FILE WRAPPER AND ALSO THE PATENT ITSELF THAT YOU'VE JUST DESCRIBED, THE BASIS FOR THE AVERMENT BY BAUSCH & LOMB THAT THE ERRORS OCCURRED OR AROSE BECAUSE OF OVERSIGHT AND WITHOUT DECEPTIVE INTENT ON THE PART OF SAID JOHN O. YEISER OR HIS ATTORNEY IN CONNECTION WITH PREPARATION AND PROSECUTION OF THE PATENT APPLICATION FROM WHICH LETTERS PATENT NUMBER 3,761,950 WAS GRANTED?

A. YES. YES, IT IS. THAT'S THE BASIS.

Q. DID YOU COMMUNICATE THIS BELIEF TO GEORGE MORE?

A. YES, WE DID.

Q. DO YOU BELIEVE THAT THE MORE DECLARATION IS STILL ACCURATE IN THAT RESPECT TODAY?

A. I BELIEVE IT WAS ACCURATE AT THAT TIME. I BELIEVE IT HAD CONTINUED TO BE ACCURATE. I KNOW OF NOTHING THAT HAS EVOLVED THROUGH THE DISCOVERY OR OTHERWISE THAT WOULD CAUSE THIS TO BE INACCURATE.

Q. DID YOU REVIEW THE MORE DECLARATION BEFORE IT WAS FILED?

A. YES, I DID.

Q. AND DID YOU APPROVE IT?

A. YES, I DID.

Q. AND WHO SELECTED MR. MORE TO SIGN THE DECLARATION ON BEHALF OF BAUSCH & LOMB?

A. I DON'T BELIEVE THERE WAS MUCH DISCUSSION ON THAT POINT. I THINK IT WAS RATHER OBVIOUS THAT WE WOULD BE TURNING TO MR. MORE TO REPRESENT BAUSCH & LOMB'S INTEREST HIM BEING THE PRESIDENT OF THAT DIVISION RESPONSIBLE FOR THIS ACTIVITY.

* * *

Q. NOW, ARE YOU AWARE THAT MR. JOBE OR MR. ROBBINS WERE INVOLVED IN OBTAINING AFFIDAVITS FROM MR. FLEMING IN THE REISSUE PROSECUTION?

A. YES. YES, I'M AWARE OF THAT.

Q. WITH RESPECT TO THE WORK THAT JOBE AND ROBBINS DID, WAS YOUR ROLE SORT OF HANDS-ON OR WAS IT MORE SUPERVISORY?

A. MY ROLE WAS SUPERVISORY.

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EXTRACTS FROM TRIAL TESTIMONY OF JONATHAN JOBE, AT pp. 4-615 TO 4-618, 4-622 TO 4-625

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Q. DID YOU EVENTUALLY—WE KNOW YOU FOUND HIM. HOW DID YOU EVENTUALLY FIND HIM?

A. I CALLED 213 INFORMATION.

Q. AFTER YOU HAD LOCATED HIM, DID YOU CONTACT HIM?

A. YES.

Q. HOW DID YOU DO THAT?

A. I CALLED HIM ON THE TELEPHONE.

Q. HOW LONG DID YOU SPEAK TO HIM IN YOUR FIRST CALL?

A. APPROXIMATELY HALF AN HOUR.

Q. DID YOU MAKE NOTES OF YOUR TELEPHONE CONVERSATION AT THAT TIME?

A. YES.

Q. I WILL ASK YOU TO LOOK AT PLAINTIFF'S EXHIBIT 168, PLEASE. IT WILL BE HANDED UP TO YOU, IT IS NOT AMONGST THE BLUE VOLUMES. MR. JOBE, DO YOU RECOGNIZE THE HANDWRITING IN THIS DOCUMENT?

A. YES, IT IS MINE.

Q. DID YOU WRITE THIS ON THE DATE IT BEARS?

A. I BELIEVE I DID.

Q. DID YOU WRITE IT DURING THE COURSE OF YOUR TELEPHONE CONVERSATION WITH MR. FLEMING?

A. YES.

Q. WHAT IS THE SECOND PAGE OF THIS DOCUMENT, BY THE WAY?

A. THE SECOND PAGE CONTAINS NOTES THAT I MADE DURING MY ATTEMPT TO LOCATE MR. FLEMING.

Q. GOING BACK TO THE FIRST PAGE, DID YOU TELL MR. FLEMING THE REASON WHY YOU WERE CALLING HIM?

A. YES.

Q. WHAT DID YOU TELL HIM ABOUT THAT REASON?

A. I TOLD HIM WHO I REPRESENTED, I TOLD HIM THAT WE WERE ATTEMPTING TO REISSUE THE YEISER PATENT, I TOLD HIM WHAT THE DEFECTS WERE AND ASKED HIM IF HE COULD SHED ANY LIGHT ON HOW THOSE DEFECTS OCCURRED.

Q. IN WHAT MANNER DID YOU INFORM HIM WHAT THE DEFECTS WERE?

A. I BELIEVE I TOLD HIM GENERALLY WHAT WAS IN THE MORE DECLARATION.

Q. THE ENTIRE MORE DECLARATION OR?

A. NO, NO, JUST THE FIRST PARAGRAPH ON PAGE 2.

Q. WAS THERE ANYTHING ELSE RIGHT NOW THAT YOU REMEMBER TELLING HIM ABOUT THE REISSUE THAT YOU WERE ENGAGED IN?

A. NO.

Q. DID YOU TELL HIM THE SUBSTANCE OF THE SUBJECT MATTER THAT YOU WERE SEEKING TO ADD BY THE NEW CLAIMS?

A. I BELIEVE I DID.

Q. WAS THERE ANY DISCUSSION OF DOCUMENTS THAT MR. FLEMING MIGHT HAVE CONCERNING THE ORIGINAL PROSECUTION?

A. MR. FLEMING, I BELIEVE, LOCATED THE FILE WHILE WE WERE ON THE TELEPHONE.

Q. DID YOU ASK HIM TO LOOK FOR OTHER DOCUMENTS?

A. NO.

Q. BEFORE WE LEAVE THE SUBJECT OF THAT TELEPHONE CONVERSATION WITH MR. FLEMING, I OMITTED A QUESTION. DID HE PROVIDE ANY INFORMATION TO YOU IN THAT FIRST TELEPHONE CONVERSATION WHICH WOULD EXPLAIN TO YOU HOW IT OCCURRED THAT THE ORIGINAL PATENT FAILED TO INCLUDE NARROWER SCOPE CLAIMS TO THE FEATURES REFERRED TO IN THE MORE DECLARATION?

A. WELL, ACCORDING TO MY NOTE, HE TOLD ME THAT THE DISCLOSURE WAS IN ROUGH FORM AND THAT HE DIDN'T GET MUCH INFORMATION OUT OF MR. YEISER, THAT MR. YEISER WAS VERY BRILLIANT BUT NOT MUCH HELP.

Q. HE REFERRED APPARENTLY TO A PROTRUDING CHART STOP. DID YOU WRITE THAT NOTE, QUOTE, "WHAT APPEARED IMPORTANT WAS THE PROTRUDING CHART STOP," UNQUOTE?

A. YES.

Q. WHAT DID THAT SENTENCE ON YOUR MEMORANDUM MEAN?

A. WELL, THAT'S JUST A SENTENCE THAT I WROTE DOWN.

Q. WAS HE READING TO YOU FROM THE YEISER MEMORANDUM THAT HE HAD FOUND?

A. I DON'T KNOW.

Q. DID YOU RECOLLECT THIS CONVERSATION WITH MR. FLEMING, SO FAR AS YOU WERE ABLE TO JUDGE TALKING TO SOMEONE ON THE TELEPHONE, WAS HE LUCID AND ARTICULATE AND ABLE TO FOCUS ON THE ISSUE?

A. YES.

* * *

Q. ARE THE FACTS THAT ARE CONTAINED IN THIS AFFIDAVIT OF LAWRENCE FLEMING FACTS THAT WERE PERSONALLY KNOWN TO YOU INDEPENDENT OF ANY COMMUNICATION FROM MR. FLEMING?

A. NO.

Q. DID YOU BELIEVE THAT MR. FLEMING WAS TELLING YOU THE TRUTH?

A. YES.

Q. DO YOU BELIEVE THAT THIS FINAL VERSION OF THE FLEMING AFFIDAVIT CORRECTLY STATED THE FACTS AS MR. FLEMING HAD COMMUNICATED THEM TO YOU?

A. YES.

Q. DO YOU BELIEVE THAT THIS FINAL VERSION OMITTED ANY FACTS OF SIGNIFICANCE TO THE QUESTIONS POSED BY THE EXAMINER IN HIS FIRST OFFICE ACTION?

A. NO.

Q. DID YOU SEND THIS FINAL VERSION OF MR. FLEMING'S AFFIDAVIT TO HIM TO REVIEW?

A. YES.

Q. WOULD YOU TURN PLEASE TO PLAINTIFF'S EXHIBIT 169, AGAIN.

A. OKAY.

Q. DO YOU HAVE THAT IN FRONT OF YOU?

A. YES.

Q. WOULD YOU LOOK AT PAGE JJ 1, PLEASE. DO YOU SEE THAT?

A. YES, I HAVE THAT.

Q. WOULD YOU—IS THAT YOUR SIGNATURE ON THERE?

A. YES.

Q. WHAT'S THAT?

A. THIS IS A COVER LETTER.

Q. YOUR HONOR, THIS IS 169.

A. THIS IS A COVER LETTER THAT ENCLOSED MR. FLEMING'S AFFIDAVIT WHEN I SENT IT TO HIM.

Q. YOUR HONOR, THIS IS A RATHER TRIVIAL DOCUMENT, SO I DON'T WANT—

THE COURT: GO AHEAD.

MR. PRETTY: Q. DOES THIS TRANSMITTAL LETTER SHOW THAT YOU SENT THE FINAL YEISER AFFIDAVIT TO HIM FOR SIGNATURE BY OVERNIGHT MAIL ON SEPTEMBER 13, 1983?

A. BY FEDERAL EXPRESS, YES.

Q. WERE YOU RELYING ON MR. FLEMING TO REVIEW THE FINAL VERSION OF THE AFFIDAVIT FOR ACCURACY?

A. YES.

Q. DID YOU DISCUSS THIS FINAL VERSION BY TELEPHONE WITH MR. YEISER?

A. MR. FLEMING?

Q. YEAH, IT WOULD BE DIFFICULT TO DO IT WITH MR. YEISER.

A. YES, I BELIEVE I CALLED MR. FLEMING TO MAKE SURE THAT HE RECEIVED THE AFFIDAVIT AND TO FIND OUT IF IT WAS ACCURATE.

Q. DID HE SAY THAT IT WAS ACCURATE?

A. YES.

Q. DID MR. FLEMING THEN EXECUTE THE DECLARATION AND TURN IT TO YOU?

A. YES.

Q. DID YOU SUBSEQUENTLY FILE THE EXECUTED FLEMING AFFIDAVIT WITH THE PATENT AND TRADEMARK OFFICE?

A. YES.

Q. DID YOU EVER COMMUNICATE WITH MR. FLEMING AGAIN?

A. I DON'T BELIEVE I EVER DID.

* * *

Q. DID YOU BELIEVE IN GOOD FAITH THAT THE AFFIDAVITS YOU WERE SUBMITTING PROVIDE A CORRECT ACCOUNT OF HOW THE ERROR AROSE ACCORDING TO THE ACCOUNT MR. FLEMING HAD GIVEN YOU?

A. YES.

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EXTRACTS FROM TRIAL TESTIMONY OF MR. GAMBRELL, AT p. 3-350

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SO LET'S GO ON THROUGH THE FILE. TWO PAGES FURTHER ON YOU'LL COME ACROSS THE JULY 7, 1970, MEMORANDUM, WILL YOU NOT, WHICH IS EXHIBIT 18-G?

A. YES. IT'S TWO OR THREE PAGES PAST THAT.

Q. AND THAT, IN FACT, IS THE MEMORANDUM WHICH MR. FLEMING PULLED OUT OF HIS FILE AND SENT TO MR. JOBE; IS IT NOT?

A. THAT IS.

Q. NOW, ISN'T IT TRUE THAT IF YOU—AND YOU'RE WELCOME TO TAKE THE TIME, BUT IF YOU GO THROUGH THIS FILE YOU'LL NOT FIND ANY OTHER COMMUNICATION IN IT CONTAINING ANY ADVICE FROM MR. YEISER TO MR. FLEMING OR FROM MR. TARANTINO TO MR. FLEMING ON SCOPE OF CLAIMS?

A. MY RECOLLECTION IS THERE ARE NONE OTHER IN THIS PARTICULAR FILE YOU GAVE ME, PX 113.

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EXTRACTS FROM TRIAL TESTIMONY OF HOWARD ROBBINS, AT pp. 5-740 TO 5-747

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Q. WHAT DID YOU DO IN RESPONSE TO THE EXAMINER'S INDICATION THAT HE NEEDED MORE INFORMATION?

A. I CONTACTED MR. FLEMING DIRECTLY.

Q. HOW DID YOU CONTACT HIM?

A. BY TELEPHONE.

Q. WHERE DID YOU CONTACT HIM?

A. IN HIS HOME IN CALIFORNIA.

Q. DID YOU MAKE ANY RECORD OF YOUR TELEPHONE CALL WITH MR. FLEMING?

A. YES, I DID.

MR. CLARK: YOUR HONOR, MAY I APPROACH THE WITNESS AND PLACE PLAINTIFF'S EXHIBIT 230 BEFORE HIM?

THE COURT: YOU MAY. 230?

MR. CLARK: YES, YOUR HONOR.

Q. MR. ROBBINS, CAN YOU IDENTIFY PLAINTIFF'S EXHIBIT 230 FOR US?

A. YES, I CAN.

Q. WHAT IS IT?

A. THESE ARE MY NOTES MADE DURING THE COURSE OF MY CONVERSATION WITH LARRY FLEMING ON FEBRUARY 10, 1984, AND AT THE VERY BOTTOM IS THE NOTATION THAT I SPOKE WITH MR. FLEMING ON FEBRUARY 20TH, 1984.

Q. EXCEPT FOR THAT NOTE AT THE BOTTOM, DO ALL THE OTHER NOTES RELATE TO YOUR TELEPHONE CALL ON FEBRUARY 10TH, 1984?

A. YES, THEY DO.

Q. DID YOU MAKE THOSE NOTES DURING THE TELEPHONE CALL WITH MR. FLEMING?

A. I MADE ALL OF THESE NOTES DURING THE COURSE OF MY CONVERSATION WITH MR. FLEMING.

Q. DURING THAT TELEPHONE CALL, WHAT DID YOU SAY TO MR. FLEMING?

A. I EXPLAINED TO MR. FLEMING THAT BAUSCH & LOMB HAD RECEIVED A SECOND OFFICE ACTION IN THE YEISER REISSUE APPLICATION. I TOLD MR. FLEMING THAT THE EXAMINER WAS STILL SEEKING SOME ADDITIONAL INFORMATION, AND I BELIEVE I READ TO MR. FLEMING PARAGRAPH 6 ON PAGE 4 OF THAT SECOND OFFICE ACTION. I THEN ASKED HIM IF HE COULD PROVIDE ANY FURTHER INFORMATION CONCERNING THAT.

Q. WHAT DID MR. FLEMING SAY TO YOU?

A. MR. FLEMING EXPLAINED TO ME WHAT MY NOTES REFLECT AS TO HOW, BY WHOM AND WHY THE SCOPE OF THE CLAIMS WERE DETERMINED TO BE WHAT THEY ULTIMATELY ENDED UP BEING IN THE ORIGINAL YEISER PATENT.

Q. DID YOU RECORD WHAT MR. FLEMING WAS SAYING TO YOU?

A. YES, I DID.

Q. WHOSE WORDS DID YOU USE, HIS OR YOURS?

A. THESE WERE HIS WORDS TO THE EXTENT THAT MY ABILITY TO NOTE THEM.

Q. AFTER TALKING WITH MR. FLEMING, WHAT DID YOU DO?

A. AFTER I SPOKE WITH MR. FLEMING, I PREPARED A SUPPLEMENTAL AFFIDAVIT THAT EMBODIED OUR CONVERSATION AND THAT'S WHAT I DID.

MR. CLARK: YOUR HONOR, MAY I APPROACH THE WITNESS AND PLACE PLAINTIFF'S EXHIBIT 34 BEFORE HIM?

THE COURT: YOU MAY.

MR. CLARK: TO SAVE TIME, YOUR HONOR, PLAINTIFF'S EXHIBIT 34 IS ANOTHER COPY OF THE SUPPLEMENTAL APPLICATION, ALSO APPEARS IN PLAINTIFF'S 19.

Q. MR. ROBBINS, COULD YOU IDENTIFY PLAINTIFF'S EXHIBIT 34 AS A COPY OF THE SUPPLEMENTAL AFFIDAVIT THAT YOU DRAFTED?

A. YES, I CAN, THAT IS WHAT IT IS.

Q. WHAT INFORMATION DID YOU USE TO PREPARE THAT AFFIDAVIT?

A. MY RECOLLECTION OF THE TELEPHONE CONVERSATION I HAD HAD WITH MR. FLEMING ON FEBRUARY 10TH AND THE NOTES THAT I MADE DURING THE COURSE OF THAT CONVERSATION.

Q. WHAT WAS YOUR INTENT IN PREPARING THIS AFFIDAVIT?

A. IT WAS MY INTENT TO REFLECT MR. FLEMING'S STATEMENTS AS ACCURATELY AND COMPLETELY AS I WAS ABLE TO.

Q. AFTER PREPARING THAT AFFIDAVIT, WHAT DID YOU DO?

A. I CONTACTED MR. FLEMING AGAIN TO APPRISE HIM OF THE FACT THAT I HAD A DRAFT OF HIS AFFIDAVIT.

Q. IS THAT THE—HOW DID YOU CONTACT HIM?

A. I TELEPHONED HIM AGAIN AT HIS HOME.

Q. IS THAT THE TELEPHONE CALL THAT WAS NOTED AT THE BOTTOM OF PLAINTIFF'S EXHIBIT 230?

A. YES, IT IS.

Q. WHAT DID YOU DO IN THAT TELEPHONE CALL WITH MR. FLEMING?

A. I INFORMED HIM THAT I HAD A DRAFT OF THE AFFIDAVIT. I READ HIM THAT AFFIDAVIT AND I TOLD HIM I WOULD BE SENDING A COPY OR AN ORIGINAL OF THAT SUPPLEMENTAL AFFIDAVIT TO HIM FOR HIS REVIEW. I ASKED HIM TO CAREFULLY REVIEW IT, AND, IF IT APPEARED TO BE ACCURATE AND COMPLETE, TO SIGN IT AND RETURN IT TO ME.

Q. WHAT DID HE SAY TO YOU IN THAT TELEPHONE CALL?

A. BASED UPON WHAT I HAD READ TO HIM, HE SAID TO ME THAT IT APPEARED TO BE COMPLETELY CONSISTENT WITH HIS RECOLLECTION AT THAT TIME.

Q. YOU SAID YOU READ SOMETHING TO HIM, WHAT DID YOU READ TO HIM?

A. I BELIEVE I WENT THROUGH THE SUPPLEMENTAL AFFIDAVIT WITH HIM.

Q. DID YOU THEN SEND HIM THE AFFIDAVIT?

A. YES, I DID.

Q. DID HE SIGN AND RETURN IT TO YOU?

A. YES, HE DID.

Q. WERE YOU RELYING ON HIM TO REVIEW IT FOR ACCURACY?

A. I WAS RELYING ON HIM TO REVIEW IT FOR ACCURACY AS I HAD SPECIFICALLY REQUESTED HE DO SO IN OUR CONVERSATION ON FEBRUARY 20TH.

Q. MR. ROBBINS, YOU SPOKE TO MR. FLEMING TWICE, ONCE ON FEBRUARY 10, 1984 AND THE SECOND TIME ON FEBRUARY 20TH; IS THAT CORRECT?

A. THAT'S CORRECT.

Q. HOW DID MR. FLEMING SEEM TO YOU IN THOSE TWO TELEPHONE CALLS?

A. HE SEEMED TO ME TO BE SOMEONE WHO WAS QUITE IN CHARGE OF HIS FACULTY. WE ENGAGED IN

SOME PLEASANTRIES PARTICULARLY PRECEDING THE CONVERSATION ON FEBRUARY 10TH. HIS COMMENTS WERE SUCCINCT, SOMEWHAT WITTY, WERE RIGHT ON POINT. HE SEEMED TO BE VERY FOCUSED IN OUR DISCUSSION WHETHER WE WERE TALKING ABOUT SOCIAL PLEASANTRIES OR THE QUESTION THAT I HAD CALLED TO PUT TO HIM. HE SEEMED VERY MUCH A FRIENDLY AND WITTY PERSON.

Q. WAS HE ABLE TO STICK TO THE SUBJECT?

A. VERY MUCH SO.

Q. DID HE SEEM FORGETFUL AT ALL TO YOU?

A. NO, SIR.

Q. DID HE SAY ANYTHING TO YOU ABOUT HAVING A POOR MEMORY?

A. NO.

Q. DID HE SAY ANYTHING TO PUT YOU ON GUARD THAT HE WAS MISSTATING OR FORGETTING FACTS?

A. ABSOLUTELY NOT. INDEED, BASED UPON A CONVERSATION AT THAT TIME, I WAS RELATIVELY IMPRESSED WITH HIS RECOLLECTION OF EVENTS THAT HAD OCCURRED A DECADE EARLIER.

Q. WAS THERE ANYTHING ABOUT WHAT HE WAS TELLING YOU WHICH SEEMED IMPLAUSIBLE TO YOU BASED UPON WHAT YOU KNEW?

A. NONE WHATSOEVER.

Q. DID IT OCCUR TO YOU THAT WHAT HE WAS TELLING YOU WAS IN ANY WAY CONSISTENT WITH THE PROSECUTION HISTORY OF THE YEISER PATENT?

A. I AM SORRY, DID YOU SAY CONSISTENT OR INCONSISTENT?

Q. LET ME REPHRASE IT. DID IT OCCUR TO YOU THAT ANYTHING HE WAS TELLING YOU WAS INCONSISTENT WITH THE ORIGINAL YEISER PROSECUTION HISTORY?

A. NOT AT ALL, AND INDEED UNDER THE CIRCUMSTANCES I HAD NO REASON TO BELIEVE THAT MR. FLEMING HAD ANY MOTIVATION WHATSOEVER OTHER THAN TO TELL ME THE COMPLETE TRUTH AS HE THEN RECALLED IT.

Q. MR. ROBBINS, DO YOU DO ANYTHING TO KEEP UP ON CUSTOM AND PRACTICE IN PATENT PROSECUTION MATTERS?

A. YES, I DO.

Q. WHAT DO YOU DO?

A. I READ THE REPORTED DECISIONS IN THE UNITED STATES PATENT QUARTERLY, THE BNA PATENT, TRADEMARK AND COPYRIGHT JOURNAL, AND A NUMBER OF OTHER PUBLICATIONS IN THE INTELLECTUAL PROPERTY LAW AREA.

Q. HOW LONG HAVE YOU BEEN DOING THOSE THINGS?

A. EVER SINCE I BEGAN WORK WITH HAMPTON, RENNER & KENNER IN 1975.

Q. NOW, IN THE PERIOD 1982 TO 1984, WERE YOU AWARE OF ANY CUSTOM OR PRACTICE FOR INVESTIGATING FACTS FOR THE PURPOSE OF PRESENTING AFFIDAVITS TO THE PATENT AND TRADEMARK OFFICE?

A. I WAS AWARE, YES, I WAS.

Q. WHAT WERE YOU AWARE OF?

A. SIMPLY THAT IT WAS NECESSARY FOR ONE TO INSURE THAT THERE WAS A REASONABLE BASIS AND BELIEF FOR ANY STATEMENTS TO BE MADE.

Q. DID YOU BELIEVE THAT THE INVESTIGATIONS THAT WERE CONDUCTED BY YOU IN CONNECTION WITH THE YEISER REISSUE APPLICATION MET THAT STANDARD?

A. I MOST CERTAINLY DID.

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EXTRACTS FROM TRIAL TESTIMONY OF LAWRENCE FLEMING, AT pp. 4-573 TO 4-574 AND 4-585

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Q. IN THE STATEMENTS THAT YOU HAD MADE TO MR. JOBE IN YOUR TELEPHONE CALL OR RATHER THAT HE HAD MADE—LET ME START THAT OVER.

DO YOU BELIEVE THAT THE STATEMENTS THAT YOU MADE TO MR. JOBE IN THE TELEPHONE DISCUSSION THAT HE HAD TO YOU AND THE STATEMENTS THAT YOU MADE IN THE JUNE 20, 1983 LETTER WERE CORRECT AND ACCURATE AT THAT TIME?

A. YES, INDEED I DID.

Q. DID YOU INTENTIONALLY HOLD BACK ANY INFORMATION FROM MR. JOBE THAT YOU THOUGHT WAS IMPORTANT?

A. NO.

Q. DID YOU INTENTIONALLY MISREPRESENT ANY FACTS TO MR. JOBE?

A. NO.

Q. DID MR. JOBE LATER SEND YOU AN AFFIDAVIT?

A. HE DID. I THINK HE SENT A DRAFT. HE EITHER SENT A DRAFT OR HE READ IT TO ME OVER THE PHONE OR READ A DRAFT OVER THE PHONE TO ME BEFORE HE SENT THE ACTUAL THING.

Q. DID YOU HAVE ANY TELEPHONE DISCUSSION WITH MR. JOBE AT THE TIME THE AFFIDAVIT WAS SENT TO YOU CONCERNING IT?

A. I DON'T THINK SO. AS I RECALL, AGAIN, MY MEMORY IS NOT AWFULLY GOOD LATELY. AS I RECALL, I LOOKED AT IT AND BELIEVED THAT IT WAS AN ACCURATE RENDITION OF WHAT HE HAD READ OVER THE TELEPHONE.

Q. AT THE TIME YOU EXECUTED THE AFFIDAVIT, HAD YOU REFERRED TO THOSE NOTEBOOKS THAT YOU RE-

MEMBERED—SORRY, THAT YOU REFERRED TO THAT YOU HAD KEPT IN UP TO THE MID 1970S?

A. NO.

Q. THEN DID YOU EXECUTE THE AFFIDAVIT?

A. I DID EXECUTE THE AFFIDAVIT, YES.

Q. AND YOU SENT IT BACK TO MR. JOBE?

A. YES. I HAD FORGOTTEN THAT THE NOTEBOOKS EXISTED.

• • •

Q. DID YOU READ THIS AFFIDAVIT THROUGH BEFORE YOU SIGNED IT?

A. YES.

Q. DID YOU BELIEVE THE STATEMENTS THAT WERE IN THIS AFFIDAVIT WERE TRUE AT THE TIME YOU SIGNED IT?

A. YES, I DID.

Q. WOULD YOU GO THROUGH A LITTLE FURTHER NOW TO PAGES 200077 THROUGH 78. LOOKING AT THE BATES NUMBERS ON THE BOTTOM RIGHT.

A. YES, GOT IT.

Q. IS THAT YOUR SIGNATURE AGAIN THAT APPEARS ON THAT PAGE, 200078?

A. YES.

Q. DID YOU READ THIS AND REVIEW IT BEFORE YOU SIGNED IT?

A. YES.

Q. DID YOU BELIEVE THAT THE STATEMENTS IN THIS SUPPLEMENTAL AFFIDAVIT OF LAWRENCE FLEMING WERE TRUE BEFORE YOU SIGNED IT?

A. YES.

Q. HAD YOU REMEMBERED BY THE TIME YOU EXECUTED THE SUPPLEMENTAL AFFIDAVIT THE NOTEBOOKS THAT YOU HAD USED?

A. NO.

• • •

MAIL ROOM
OCT 14, 1971
U.S. PATENT OFFICE

AMENDMENT

RECEIVED
NOV 1 1971
GROUP 280

Inventor:	JOHN O. YEISER	October 12, 1971
Serial No.:	64,467	Group: 282
Filed:	August 17, 1970	Examiner: J. W. Hartary
For:	X-Y PLOTTER	

As of OCT 27 1971 fee(s) were applied to
Fee Code(s) 102 $10.00 /s/ J.P.
Patent Office
(Authorized Signature)

COMMISSIONER OF PATENTS
Washington, D. C. 20231

Sir:

In response to the Office letter of July 30, 1971, please amend as follows:

IN THE SPECIFICATION:

* * *

It is also observed that applicant's successful concept of moving the fiat paper chart in one of the coordinates is

at odds with the prior conventional thinking in the X-Y recorder art. It has been often supposed that, e.g., a sheet of graph paper would buckle in a recorder according to his invention, or that its Y-positioning would not precisely repeat. The references Mamach and Swindle, for example, provide means for keeping their rolls of paper under tension. However the present concept may appear in the light of more conventional thinking, the fact is, however, that it works well, and is in successful commercial production. It is accordingly submitted that the relative simplicity of the present invention is suggestive of its ingenuity and unobviousness.

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